

<b>Meeting of:</b>	<b>CORPORATE OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>Date of Meeting:</b>	<b>25 JULY 2024</b>
<b>Report Title:</b>	<b>REVENUE BUDGET OUTTURN 2023-24</b>
<b>Report Owner/ Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>JOANNE NORMAN GROUP MANAGER – BUDGET MANAGEMENT</b>
<b>Policy Framework and Procedure Rules:</b>	<b>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.</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• <b>The net revenue budget for 2023-24 was £342.334 million. The overall outturn at 31st March 2024 was a net over spend of £7.054 million.</b></li> <li>• <b>The overall over spend on the Council budget is primarily due to ongoing pressures within the Social Services and Wellbeing Directorate and in respect of Home to School Transport, Homelessness and Legal Fees.</b></li> <li>• <b>The budget approved for 2023-24 included budget reduction proposals totalling £2.608 million. At 31st March there was a shortfall on the savings target of £246,000, or 9.43% of the overall reduction target.</b></li> <li>• <b>During 2023-24 Directorates drew down funding from specific earmarked reserves. The final draw down from revenue reserves was £12.186 million. An additional £6.952 million of other earmarked reserves also needed to be unwound to meet the in-year over spend, along with the transfer of £102,000 from the Council Fund.</b></li> </ul>

## **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 for the year ended 31st March 2024.

## 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 (WG) in December 2022. The Welsh Government announced its final local government settlement on 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 2023-24 to £342.334 million. The reasons for this increase were outlined in a report to Council on 15th March 2023, but were mainly in respect of the transfer into the final local government settlement of the Fire and Rescue Authority (FRA) SCAPE grant.

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 31st March 2024

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

**Table 1- Comparison of budget against actual outturn at 31st March 2024**

Directorate/Budget Area	Original Budget 2023-24 £'000	Current Budget 2023-24 £'000	Final Outturn Q4 2023-24 £'000	Final Over / (Under) Spend 2023-24 £'000	Projected Over / (Under) Spend Qtr 3 2023-24 £'000
<b>Directorate</b>					
Education and Family Support	137,488	145,861	147,214	1,353	1,139
Social Services and Wellbeing	92,791	99,386	111,213	11,827	12,584
Communities	30,545	34,382	34,502	120	249
Chief Executive's	24,003	25,410	25,949	539	1,265
<b>Total Directorate Budgets</b>	<b>284,827</b>	<b>305,039</b>	<b>318,878</b>	<b>13,839</b>	<b>15,237</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,203	7,142	3,064	(4,078)	(2,909)
Levies	9,189	9,189	9,181	(8)	(9)
Apprenticeship Levy	650	750	831	81	38
Council Tax Reduction Scheme	16,054	16,054	15,566	(488)	(451)
Insurance Premiums	1,363	1,363	764	(599)	(125)
Repairs & Maintenance	670	460	0	(460)	(40)
Pension Related Costs	430	430	457	27	27
Other Corporate Budgets	21,948	1,907	2,153	246	(1,481)
<b>Total Council Wide Budgets</b>	<b>57,507</b>	<b>37,295</b>	<b>32,016</b>	<b>(5,279)</b>	<b>(4,950)</b>
<b>Net Council Tax Collection</b>			<b>(1,506)</b>	<b>(1,506)</b>	<b>0</b>
<b>Transfers from Earmarked Reserves</b>			<b>(6,952)</b>	<b>(6,952)</b>	<b>0</b>
<b>Transfer from Council Fund</b>			<b>(102)</b>	<b>(102)</b>	<b>0</b>
<b>Total</b>	<b>342,334</b>	<b>342,334</b>	<b>342,334</b>	<b>0</b>	<b>10,287</b>

- 3.1.2 The overall outturn at 31st March 2024 is a net over spend of £7.054 million comprising £13.839 million net over spend on directorates and a net under spend of £5.279 million on Council wide budgets. The outturn position also takes into account additional council tax income collected over budget of £1.506 million during the financial year.
- 3.1.3 Further detail is provided on the more significant under and over spends and movements since quarter 3 in section 3.3.
- 3.1.4 The main financial pressures during 2023-24 were in the service areas of Social Services and Wellbeing (SSWB), Home to School Transport (HtST), Homelessness and Legal Fees.
- 3.1.5 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. 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 which was to address the implementation of the Real Living Wage for care workers. The SSWB Directorate continues to see an increase in demand and this budget growth was insufficient to meet that increase, with the outturn showing a £11.827 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 20th September 2023, with an immediate budget virement of £1 million approved for Children's services. Council also agreed 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 has been drawn down in full in 2023-24 or the social services outturn position would have been £14.327 million. 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.
- 3.1.6 There has also been an over spend on Home to School Transport of £1.780 million in 2023-24. 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 drivers and escorts. These procurement exercises resulted in generally higher costs across many contracts. Further HtST contracts were subject to retender exercises in 2023-24, and higher costs continued to be experienced. Budget growth of £1.2 million was approved by Council as part of the MTFS budget setting process in February 2024, and as this budget area can be volatile with small changes in demand resulting in relatively high costs being incurred, this budget will require close monitoring during 2024-25.
- 3.1.7 Budget growth of £2.192 million was approved by Council as part of the MTFS budget setting process in February 2021 with a further £700,000 approved in March 2023, to continue the commitment to focus support for homeless individuals. However, 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 an over spend on Housing & Homelessness of £240,000 in 2023-24.

- 3.1.8 Legal fees continued to be a pressure in 2023-24, specifically in relation to public and private law childcare cases, along with an increase in the volume of complex cases that have required King’s Counsel. The net over spend in Legal, Democratic and Regulatory services is £553,000. Budget growth of £300,000 was approved by Council as part of the MTFS budget setting process in February 2024 towards the increase in legal fees for children’s services.
- 3.1.9 Going forward there are increased pressures on council tax collection and an increase in eligibility for council tax support through the Council Tax Reduction Scheme (see paragraph 3.3.5) due to the continuing cost of living crisis.
- 3.1.10 A budget pressure of £550,000 was approved by Council in February 2024 to mitigate emerging pressures in 2024-25 which will be allocated in line with need and reported through quarterly monitoring reports.

### **Budget virements/technical adjustments**

- 3.1.11 There have been a number of budget virements and technical adjustments between budgets since the quarter 3 Revenue Forecast was presented to Cabinet in January 2024.
- 3.1.12 The main virements and technical adjustments since quarter 3 are outlined below:

#### **Budget Virement**

<b>Service vired from / to</b>	<b>Amount</b>
Balance of one-off contribution from Communities Directorate to Corporate Contingency. £400,000 originally vired in quarter 2 to fund demolition works at Brackla car park based on estimated costs. Tenders now received with reduced contribution required from Corporate Contingency in this financial year.	£289,034

#### **Technical Adjustment**

<b>Service vired from / to</b>	<b>Amount</b>
Allocation of funding retained centrally in respect of Soulbury pay award for 2022 and 2023 – confirmed in December 2023.	£60,270
Allocation of corporately held funding for Feasibility works in line with spend.	£127,500
Allocation of corporately held funding for Revenue minor works in line with spend.	£82,116

## **Budget Reduction Proposals**

### **3.2 Monitoring of Budget Reduction Proposals**

#### **Prior Year Budget Reductions**

3.2.1 As outlined in previous monitoring reports during the year, there were still £280,000 of outstanding prior year budget reduction proposals that had not been met in full. Directors have been working to realise these savings during the 2023-24 financial year. The position at year end is summarised in **Appendix 1** with a summary per directorate provided in Table 2.

**Table 2 – Outstanding Prior Year Budget Reductions**

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Social Services and Wellbeing	115	115	0
Communities	165	0	165
<b>TOTAL</b>	<b>280</b>	<b>115</b>	<b>165</b>

3.2.2 Table 2 shows that of the £280,000 prior year budget proposals outstanding, £115,000 have been realised, leaving a shortfall of £165,000. Proposals still not achieved include:

- COM 2 – Re-location of Community Recycling Centre from Tythegston to Pyle (£60,000 shortfall). The new site opened during quarter 4, however the timing of the opening meant that the saving could not be implemented in 2023-24. The majority of the saving will now be made in 2024-25 once the exit terms of the lease have been finalised. The service will endeavour to meet any shortfall in the saving through one-off efficiencies in 2024-25 to deliver a balanced budget position.
- COM 3 – change the composition of household food waste bags (£35,000 shortfall). The budget reduction proposal was delayed until the outcome of national research had been completed to ensure any potential changes in legislation did not impact on this proposal. The new waste contractors from 1st April 2024 have been advised of the change of composition, therefore the saving will be made in full during 2024-25.
- COM 4 – remove Business in Focus from running Enterprise Centres in Bridgend (£20,000 shortfall). The review of Business in Focus continues to be explored to identify operating efficiencies with a view to restructuring the management agreement with Business in Focus to deliver this saving in full in 2024-25.
- COM 5 – commercially let a wing of Ravens Court to a partner organisation of business (£50,000 shortfall). Demand for office space at this time is limited and the re-letting market is extremely challenging therefore the Council has

been unable to rent a wing of Ravens Court as anticipated. Discussions are ongoing with a number of parties in relation to the available accommodation at Ravens Court moving forward.

### **Budget Reductions 2023-24**

3.2.3 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 year end position is that £2.362 million has been achieved, leading to an overall shortfall on the savings target of £246,000, or 9.43% of the overall reduction target.

**Table 3 – Monitoring of Budget Reductions 2023-24**

	Total Budget Reductions Required	Total Budget Reductions Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Education and Family Support	40	0	40
Schools	2,118	2,118	0
Social Services and Wellbeing	0	0	0
Communities	375	169	206
Chief Executive's	75	75	0
<b>TOTAL</b>	<b>2,608</b>	<b>2,362</b>	<b>246</b>

3.2.4 The most significant budget reduction proposals not achieved in full are:-

- EDfS1 – Delegation of school transport responsibilities to The Bridge Pupil Referral Unit (£40,000 shortfall). During 2023-24, officers investigated the practicalities and implications of this bespoke transport arrangement. It was determined that without capital investment in a bespoke vehicle and additional staff resources the proposal could not be delivered. Since September 2023, the approach taken in relation to supporting Post-16 learners with college passes has been changed, with the £40,000 budget reduction now anticipated to be made on the Post-16 transport budget.
- COM1 – closure of each of the Community Recycling Centre sites for one weekday per week (£46,000 shortfall). Public consultation on this proposal was undertaken between 30th June and 12th September 2023, with the outcome reported to Cabinet on 21st November 2023, when the proposal was approved. A marginal saving was made in 2023-24, with the full saving being realised in 2024-25.
- COM 2 – Charging Blue Badge Holders for parking (£40,000 shortfall). The traffic management team were engaged in the introduction of the default national speed limit (20mph) in built up areas, and therefore the saving proposal was not achieved in 2023-24 due to the processes required to introduce any change. The Traffic and Transport team is currently depleted due to unplanned staff absences and it is currently envisaged the project will advance in Autumn 2024. Shortfalls against this savings target will be met through one-off efficiencies in 2024-25 to deliver a balanced budget position.
- COM5 – commercially let two wings of Ravens Court to a partner organisation or business (£120,000 shortfall) – Demand for office space at this time is limited and

the re-letting market is extremely challenging, therefore the Council was unable to let two wings of Ravens court as anticipated. Discussions are ongoing with a number of parties in relation to the available accommodation at Ravens Court moving forward.

- 3.2.5 As outlined in the MTFS reports to Cabinet and Council, MTFS Principle 7 states that “Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays”. An MTFS Budget Reduction Contingency reserve was established in 2016-17. This reserve has been used to meet specific budget reduction proposals in previous years on a one-off basis pending alternative measures. It has not been used in 2023-24 to mitigate shortfalls as service areas were committed to identifying alternative one-off under spends in the service areas affected. This approach has also enabled the MTFS Budget Reduction Contingency reserve to be maintained going into 2024-25 where the level of savings required to be made is £13.045 million in 2024-25, compared to £2.608 million in 2023-24, and therefore at much higher risk of not being achieved in full.

### 3.3 Commentary on the financial position at 31st March 2024

#### Financial position at 31st March 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 and Family Support Directorate

The net budget for the Directorate for 2023-24, including school delegated budgets, was £145.861 million and the actual outturn was £147.214 million, following draw down of £649,000 from earmarked reserves, resulting in an over spend of £1.353 million. The main variances are:

<b>EDUCATION &amp; FAMILY SUPPORT DIRECTORATE</b>	<b>Net Budget</b>	<b>Actual Outturn</b>	<b>Actual Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Learner Support	6,984	8,179	1,195	17.1%
Family Support	3,602	3,100	(502)	-13.9%
Home to School Transport	8,625	10,405	1,780	20.6%
Catering Services	2,195	1,539	(656)	-29.9%
Education Directorate Support Unit	661	490	(171)	-25.9%
Integrated working	786	712	(74)	-9.4%
Corporate health and safety	411	286	(125)	-30.4%

## Schools' delegated budgets

Total funding delegated to schools in 2023-24 was £123.603 million (including Post-16 grant funding of £7.475 million), along with £1.761 million one-off earmarked reserve (EMR) funding for energy budgets.

The schools' delegated budget is reported as balanced in any one year as any under spend or over spend is automatically carried forward, in line with Welsh Government legislation, into the new financial year before being considered by the Corporate Director - Education and Family Support in line with the 'Guidance and Procedures on Managing Surplus School Balances' as set out in the Financial Scheme for Schools.

The year-end position for 2023-24 was:-

- Net overall school balances totalled £6.898 million at the start of the financial year. During 2023-24 school balances decreased by £4.493 million to £2.405 million at the end of the financial year, representing 1.92% of the total funding allocated in 2023-24.
- Out of a total of 59 schools, there are 21 schools with a deficit balance (20 primary and 1 special school) and 20 schools (13 primary and 7 secondary) that have balances in excess of the statutory limits (£50,000 primary and £100,000 for secondary and special schools) in line with the School Funding (Wales) Regulations 2010. These balances will be analysed in line with the Council's agreed 'Guidance and Procedures on Managing Surplus School Balances'.
- Council approved an MTFs efficiency savings target against School Delegated Budgets of 3% in 2024-25, with an indicative 2% for 2025-26 and 1% thereafter. The 3% target in 2024-25 equates to £3.441 million, therefore the school delegated budgets will require close monitoring throughout 2024-25. The Financial Scheme for Schools requires schools to obtain permission from both the Corporate Director – Education and Family Support and the Section 151 Officer to set a deficit budget. Schools with deficits of greater than £50,000 in a primary school or greater than £150,000 in a secondary or special school are requested to attend termly support and challenge meetings with senior Local Authority officers. In addition, any unplanned deficits that occur within the financial year due to unforeseen circumstances must be reported as soon as they become known to the school.
- A summary of the position for each sector and overall for 2023-24 is provided below:-

	<b>Balance brought forward</b>	<b>One off EMR funding</b>	<b>Funding allocated in 2023-24</b>	<b>Total Funding available</b>	<b>Actual Spend</b>	<b>Balance at year end</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Primary	2,875	1,364	54,159	58,398	58,115	283
Secondary	3,734	208	57,729	61,671	59,083	2,588
Special	289	189	11,715	12,193	12,659	-466
<b>Total</b>	<b>6,898</b>	<b>1,761</b>	<b>123,603</b>	<b>132,262</b>	<b>129,857</b>	<b>2,405</b>

## **Central Education and Family Support Directorate budgets**

### **Learner Support**

- There is a net over spend of £1.195 million in Learner Support budgets.
- This firstly relates to an over spend of £627,000 on the inter-authority recoupment budget due to an increase in demand for Bridgend pupils in out of county placements as there are insufficient spaces at Heronsbridge and Ysgol Bryn Castell. The increase in out of county placements has been sustained in 2023-24, increasing from 16 in Summer 2022, up to 21 for Summer 2023, 22 in Autumn 2023 and 21 in Spring 2024.
- There has also been an increase in demand for additional learning needs (ALN) support at schools resulting in an over spend of £570,000, in particular 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. In addition to the increase in demand, there has been an overall reduction in Welsh Government grants supporting ALN spend from £835,584 in 2022-23 to £425,383 in 2023-24.
- Council approved £500,000 of additional funding as part of the MTFS 2024-25 to 2027-28 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 as part of the Medium Term Financial Strategy.
- Adult Community Learning (ACL) has also over spent by £135,000 in 2023-24 which is primarily due to Welsh Government changing the grant terms and conditions resulting in already committed in-year expenditure no longer being eligible and unable to be claimed. In addition, the Medium Term Financial Strategy approved by Council in February 2024 included a budget reduction proposal to remove the core funding for the ACL provision from 2024-25, therefore any future spend in this service area will need to be in line with grant terms and conditions to avoid any over spend in 2024-25.

### **Family Support**

- The under spend of £502,000 primarily relates to in-year receipt of additional grant funding (£131,000) and maximisation of the Children and Communities Grant (£190,000) in quarter 4. 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).
- The remaining under spend is due to staff vacancies as a result of the selective recruitment freeze in 2023-24 and has supported over spends in other service areas within the directorate. A review of the Family Support budgets is currently underway, with a revised structure to be implemented in the first half of 2024-25.

### **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 over spend on the HtST budget increased by £464,000 in 2023-24 up to £1.780 million. Actual spend increased from £9.508 million in 2022-23 up to £10.405 million in 2023-24, therefore the pressure was partly mitigated by an in year allocation from the central price inflation budget. The main reason for the increased

over spend is that further retendering exercises took place in September 2023 for Special School contracts resulting in an increase of £698,000 compared with 2022-23, highlighting that market conditions are still predominantly unfavourable for HtST contracts.

- Council have approved a £1.2 million budget pressure for 2024-25 as part of the Medium Term Financial Strategy which will contribute to the increased costs of HtST that have continued to be experienced in 2023-24.
- 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 are expected to 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.

#### Catering Services

- Catering Services has an under spend of £656,000 in 2023-24.
- £237,000 of this under spend is due to a one-off receipt of a working balance from Paypoint who administered Free School Meal holiday vouchers on behalf of the authority until the end of the May 2023 half term holiday. The deposit was held open until quarter 3 of 2023-24 to maximise the number of vouchers that had been issued being redeemed by families.
- Secondly, as reported in quarter 3, Welsh Government announced on 20th December that they had completed their review on the Universal Primary Free School Meals (UPFSM) unit rate and had agreed an increase per meal to £3.20 from £2.90 effective from January 2024. However, in recognising the additional costs incurred in delivering the UPFSM offer at pace, additional one-off funding was also released by WG in 2023-24 to cover the period April to December 2023 (£100,000).
- Finally, quarter 4 saw an overall increase in the uptake of school meals and Year 4 also moved over to the UPFSM, resulting in an increase in income of £185,000 in the final quarter of 2023-24.
- Price inflation on food has been particularly volatile in 2023-24, with a recent reduction in food inflationary levels seen. The cost of food purchases will be closely monitored going into 2024-25 to determine whether the inflationary pressures in this area impact on cost recovery in this service area in 2024-25, or whether it will be mitigated by the 30p increase per meal introduced after the February 2024 half-term in line with the Council's Fees and Charges policy.
- The under spend in 2023-24 is not anticipated to be a recurring under spend due to the one off nature of the income and grant funding received. In addition, the increase in roll out of UPFSM should be matched by an equal increase in food and staffing costs to deliver Welsh Government's commitment for all primary school children in Wales to get free school meals by 2024, with Year 6 being the final year for the scheme to be rolled out in Bridgend from September 2024.

#### Education Directorate Support Unit (EDSU)

- The under spend of £171,000 is due to the selective recruitment freeze in 2023-24. Part of this under spend will be utilised towards the MTFs budget reduction for the EDSU of £63,000 in 2024-25, with consideration given to the balance of the under spend being used to support budget reduction proposals that have been identified as not currently being able to be delivered in full in 2024-25.

#### Integrated Working

- The under spend of £74,000 relates primarily to staff vacancies as Early Help and Edge of Care services are currently undergoing a review by the Education and Family Support and SSWB directorates. It is anticipated that the revised structure will be implemented early in 2024-25.

#### Corporate Health and Safety Unit

- The under spend of £125,000 within the Corporate Health and Safety Unit primarily relates to staff vacancies. Part of this under spend will be utilised towards the MTFS budget reduction for the Corporate Health and Safety Unit of £40,000 in 2024-25, with the remaining vacant posts having been, or due to be, recruited to.

### **3.3.2 Social Services and Wellbeing Directorate**

The net budget for the Directorate for 2023-24 was £99.386 million and the actual outturn was £111.213 million following draw down of £5.660 million from earmarked reserves, resulting in an over spend of £11.827 million. The over spend looks lower than the projected over spend reported at quarter 3 of £12.584 million due to the full draw down in quarter 4 of the £2.5 million earmarked reserve established in respect of the Children's Services sustainability plan approved by Council in September 2023.

The main reasons for the £11.827 million over spend are:-

- The Directorate has continued to experience both service and financial pressures in meeting statutory duties with a backdrop of a continued exponential increase in demand in Children's social care. There were 11,940 contacts received during 2023-24 compared to 8,334 in 2022-23. This 43.3% increase impacts on the workforce required to assess and safeguard children. Whilst the overall number of care experienced children has reduced, the number of independent residential placements has remained static throughout the year, ending the year at 19. The budget covers between 6-8 placements depending on the unit cost. In addition, there are at any time a small number of placements which are Operating Without Registration (OWR). Given the additional risks of children living in settings without the protection accorded by regulation, these placements are risk managed and have higher staff ratios, which drive up the cost of the service. The 3 year sustainability plan to improve the way that children and families are supported in Bridgend was agreed by Council on 20th September 2023 with an immediate revenue budget virement of £1 million approved for Children's services together with the additional use of up to £2.5 million of earmarked reserves whilst a more permanent funding solution was sought. The £2.5 million earmarked reserve was drawn down in full during quarter 4 against Children's Social Care Commissioning and Social Work and Management and Administration budgets to address the workforce over spends in these areas.
- Council approved £2.5 million recurrent funding as the balance of the £3.5 million budget pressure for Children's Services on the 28th February as part of the Medium Term Financial Strategy 2024-25 to 2027-28. This permanent budget pressure for 2024-25 replaces the temporary earmarked reserve funding drawn down in 2023-24. 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 grow your own scheme and international recruits. A new emergency residential assessment service has been opened and this is helping to reduce costs of making additional placements.

However, even one additional placement can have massive budgetary implications meaning, despite progress, spend has been contained, rather than reduced.

- 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 growth in the adult services budget. These include accelerating the work to transform learning disabilities. An independent review highlighted the need to:-
  - Invest to save to ‘right size and right price’ care packages to support people to live as independently as possible.
  - Support people to retain and regain independence with a target set for 80% of all assessments where long term care and support at home is indicated to go through short term service including enabling and reablement.
  - In relation to the pathways between care and support and preventative services, to maximise the opportunity for people to have wellbeing outcomes met through community connection and resources in their community.
- Further actions for 2024-25 are being developed into a 3 year service and financial strategic plan for adult services to be considered by Cabinet in Autumn 2024 following engagement over the summer period.
- 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.

The most significant variances for the directorate are :

<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>	<b>Net Budget</b>	<b>Actual Outturn</b>	<b>Actual Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Adult Social Care	65,964	72,864	6,900	10.5%
Prevention and Wellbeing	7,492	7,097	(395)	-5.3%
Childrens Social Care	25,930	31,252	5,322	20.5%

## **Adult Social Care**

There is a net over spend of £6.900 million on the Adult Social Care budget. The most significant variances contributing to this over spend were:

<b>ADULT SOCIAL CARE</b>	<b>Actual Variance Over/(under) budget £'000</b>
Learning Disabilities Home Care	2,288
Homes For Older People	1,792
Learning Disabilities Residential Care	1,078
Assessment and Care Management	812
Learning Disabilities Day Opportunities	760
Mental Health Homecare	591
Older People Direct Payments	281
Physical Disability/Sensory Impairment Home Care	231
Physical Disability/Sensory Impairment Direct Payments	194
Physical Disability/Sensory Impairment Residential/ Nursing	65
Equipment & Adaptions	55
Mental Health Residential Care	(118)
Learning Disabilities Direct Payments	(154)
Mental Health Supported Accommodation	(231)
Older People Home Care	(510)

- Learning Disabilities Home Care – the over spend of £2.288 million 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. The pressure on this service area has continued in quarter 4, resulting in an increase of £295,000 from the projected over spend of £1.993 million at quarter 3. During quarter 4 the service area benefited from £371,000 of additional funding through the maximisation of the Housing Support Grant. However, whilst a specialist brokerage process commenced in December 2023 to ensure specialist placements across Adult Social Care are strictly commissioned through a rigorous process which supports value maximisation, market competition and scrutiny, the transformation programme achieved cashable savings of £42,000 in 2023-24 with the full effect of these in 2024-25 anticipated to be £209,000. These results are being regularly reported to the Social Services Improvement Board.
- Homes For Older People – the over spend of £1.792 million is mainly due to increased Residential/Nursing placement costs (£1.708 million) which has increased by £596,000 since quarter 3. The service area has seen an increase in demand in 2023-24, as at the start of the 2023-24 financial year there were 416 placements increasing to 455 in quarter 4. All contributions towards residential care are financially assessed in accordance with the Social Services and Wellbeing (Wales) Act 2014 but the average income received each year will vary in total depending on the financial position of the people needing care during the financial year – e.g. if there are a large number of people who have no savings or assets,

and are therefore reliant on the local authority paying their contribution in full, then this will decrease the overall average income received per person.

- Learning Disabilities Residential Care – there is an over spend of £1.078 million which is primarily due to increased costs for existing placements due to changing needs (£1.121 million) which is partially offset by under spends on the Breakaway Respite Service (£43,000) due to staff vacancies. The quarter 3 position was a projected over spend of £811,000 with the increase to quarter 4 being due to 3 new placements (of which 1 was a transition from Children’s Services), along with increases in costs for existing placements within the residential and nursing service.
- Assessment and Care Management – there is an over spend of £812,000 which is comparable to the quarter 3 projection of an over spend of £821,000, due to the need to have agency cover 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. There is a plan which is being implemented to reduce and then eliminate the use of agency social workers in adult social care as the new operating model is implemented.
- Learning Disabilities Day Opportunities – the over spend of £760,000 mainly relates to placement numbers exceeding the available budget for external day services (£500,500). Secondly, whilst the learning disabilities home care budget also has an over spend as people continue not to return to internal day services, new people are taking up the vacant day services placements with increasing numbers of older people with dementia and physical frailty in the service. Thirdly, transport costs are higher (£287,000) due to the service having to hire vehicles on a short term basis as the service continues to experience delays in the delivery of replacement vehicles due to chassis parts being difficult to obtain, which are now planned to be received over the Summer. The delays were originally due to a backlog of orders from Covid but further impacted by the Ukraine war, and are still being experienced so further pressures relating to vehicle hire are expected in the first half of 2024-25. A learning disabilities transformation programme has been established which is focussed on embedding progressive practice, reviewing current high cost care and support packages and cost effective commissioning. There are outcome surgeries and panels to ensure that practice is strength based, a review of day opportunities and commissioning colleagues are undertaking a deep dive into the supported living contract
- Mental Health Home Care – this includes supported living, short breaks and domiciliary care. The over spend of £591,000 is mainly due to increased needs of people with supported living packages of care. The over spend has decreased since quarter 3 by £88,000 due to a net reduction of 2 placements taking the total to 48.
- Older People Direct Payments – there is an over spend of £281,000 across the Direct Payments budgets in this area. The main reason for the over spend is the increasing complexity of cases, however it has decreased from the projected £302,000 over spend reported at quarter 3 due to a net reduction of 12 cases.
- Physical Disability/Sensory Impairment Home Care – there is an over spend of £231,000 which has increased since the quarter 3 projected over spend of £101,000 due to an increase in the number of placements from 89 reported at quarter 3 to 119 by the end of quarter 4.

- Physical Disability/Sensory Impairment Direct Payments - there is an over spend of £194,000 which is comparable to the £198,000 over spend projected at quarter 3. The over spend relates to an increasing complexity of cases that impact on the average cost of direct payments support.
- Physical Disability/Sensory Impairment Residential/Nursing – the over spend of £65,000 is due to higher placement numbers than budget. This is comparable with the quarter 3 projected over spend of £61,000.
- Equipment & Adaptions – the over spend of £55,000 has reduced from the quarter 3 projected over spend of £84,000. The over spend position is because of continuing demand for equipment due to the need to support individuals in line with Welsh Government’s rehabilitation and recovery model.
- Mental Health Residential Care – the under spend of £118,000 has decreased from the quarter 3 projected under spend of £185,000. This is due to there being an increase in the number of placements from 40 at quarter 3 to 43 in quarter 4.
- Learning Disabilities Direct Payments – the under spend of £154,000 has improved from the projected under spend at quarter 3 of £112,000. The underlying under spend is due to reimbursements being reclaimed from people using the service where balances in accounts have exceeded the permitted contingency. The increase in under spend since quarter 3 is due to reductions in existing packages of support.
- Mental Health Supported Accommodation – the £231,000 under spend primarily relates to utilisation of Innovation Grant Funding to support staffing budgets in this service area (£262,000).
- Older People Home Care – the £510,000 under spend primarily relates to staffing under spends as a result of the recruitment challenges in the home care sector. Agency staff have been utilised to supplement the workforce where available, however the market is showing an improving picture and it is anticipated that there will be a reduction in the use of agency staff in 2024-25. The under spend also reflects maximisation of the Regional Integrated Fund and Transformation grant funding - £140,000. The under spend has reduced from the projected under spend of £765,000 reported at quarter 3 due to an increase in the number of Independent Domiciliary Care packages which have increased from 560 at quarter 3 to 603 in quarter 4.

### **Prevention and Wellbeing**

- There is an overall under spend of £395,000 within Prevention and Wellbeing. Council approved a budget pressure of £2 million for Adult Social Care as part of the 2023-24 to 2027-28 Medium Term Financial Strategy. £305,000 was allocated to the Local Community Co-ordinators service. Due to delays in recruiting to the posts, there was an under spend of £111,000 on staffing. These posts have now been filled.
- The balance of the under spend relates to maximisation of grant funding opportunities, which mostly took place in quarter 4, including Shared Prosperity Fund (£144,000), Playworks (£16,000), Age Friendly (£25,000) and Children and Communities Grant (£133,000).

## **Children's Social Care**

There is a net over spend of £5.322 million on the Children's Social Care Budget, which is a decrease on the projected net over spend of £7.585 million at quarter 3, due primarily to the full £2.5 million draw down of the Children's Services sustainability earmarked reserve in quarter 4.

The most significant variances contributing to this over spend were:-

<b>CHILDREN'S SOCIAL CARE</b>	<b>Actual Variance Over/(under) Budget – outturn £'000</b>	<b>Projected Variance Over/(under) Budget – qtr 3 £'000</b>
Care Experienced Children	5,609	5,329
Commissioning & Social Work	55	2,335
Management & Administration	(34)	196
Other Child & Family Support Services	(123)	(208)
Family Support Services	(185)	(67)

- The over spend of £5.609 million for Care Experienced Children is due to a combination of factors:-
  - The Independent Residential Care budget has over spent by £5.345 million which has increased by £110,000 from the quarter 3 projected over spend of £5.235 million. The number of care experienced children in out of authority placements has reduced by 1 since quarter 3 however, there have been increases in agency costs for unregulated placements. The underlying over spend position is due to a number of factors and whilst the overall number of care experienced children has reduced, the number in independent residential placements (19) exceeds the budget which covers between 6-8 placements depending on the unit cost. In addition, there are insufficient foster carer placements to meet needs and children requiring specialist provision sometimes with high staffing ratios to keep them safe and protected.
  - Children's Residential Services have an under spend of £384,000 which is comparable with the projected under spend position of £346,000 at quarter 3. In 2023-24 a budget pressure of £684,000 was approved for Children's Services for staffing costs in residential settings. The underlying under spend relates to this growth as there was a delay in the opening of Golygfa'r Dolydd (Meadow's View), the new build children's home. Whilst the service had an increase in Eliminating Profit grant in quarter 4 of £237,284, this was offset by additional spend on both staffing and non-staffing, due to increases in take up of beds in the new residential provision.
  - There is a projected under spend on Independent Fostering Agency placements (£322,000) which has decreased slightly since the quarter 3 projected under spend of £344,000 as the number of placements has increased. The underlying under spend is due to other placement options being utilised including Special Guardianship Orders which are projecting an over spend of £476,000.

- Commissioning and Social Work – the over spend of £55,000 has decreased significantly since the projected over spend of £2.295 million at quarter 3 due to a £2.316 million draw down in quarter 4 from the £2.5 million Children’s services sustainability EMR against workforce pressures. The underlying over spend prior to draw down of the earmarked reserve is mainly due to having to rely on agency staffing across all the children’s social work teams due to the recruitment challenges and the need to operate above historic establishment levels to maintain safe caseloads, although good progress is being made in retaining and recruitment including international recruitment and conversion of some agency workers to permanent contracts. The decision of the Council in relation to the sustainability plan now enables permanent recruitment to progress.
- Management & Administration – the under spend of £34,000 has reduced since the projected over spend of £196,000 at quarter 3 due to a £184,000 draw down in quarter 4 from the £2.5 million Children’s services sustainability EMR. The underlying over spend is due to agency workforce ensuring effective management oversight in accordance with inspection findings. All management positions have now been successful recruited to.
- Other Child & Family Support Services – the under spend of £123,000 has reduced from the projected under spend of £208,000 reported at quarter 3 as there was a reduction in the anticipated refund from the Regional Adoption service based on a higher number of children from Bridgend being adopted than was anticipated at quarter 3. The MTFs includes a £250,000 budget reduction proposal against the Bridgend County Borough Council contribution towards the regional Western Bay adoption service, which will require close monitoring to ensure its deliverability.
- Family Support Services – the under spend of £185,000 has increased from the projected under spend of £67,000 at quarter 3. This is due to a combination of a decrease in demand on direct payments (£56,000) and Advocacy services (£60,000) along with maximisation of Housing Support Grant of £17,810, on Domestic Abuse service provision.

### 3.3.3 **Communities Directorate**

The net budget for the Directorate for 2023-24 was £34.382 million and the actual outturn was £34.502 million following draw down of £2.419 million from earmarked reserves, resulting in an over spend of £120,000.

The Directorate has undertaken work on increasing fees and charges in-year including charges for green and bulky waste collections. Secondly, Corporate Landlord continue to work on several office rationalisation proposals, including Ravens Court and the Innovation Centre and maximising the use of the Civic Offices to enable deliverability of historic and in-year MTFs budget reduction proposals (see 3.2.2 and 3.2.4). Other opportunities are also being explored with service areas to ensure the best use of the corporate estate. Finally, maximising grant funding is an ongoing activity as the Directorate has a number of significant grant allocations, including £23 million over 3 years for the Shared Prosperity Fund.

The main variances are:

<b>COMMUNITIES DIRECTORATE</b>	<b>Net Budget</b>	<b>Actual Outturn</b>	<b>Actual Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Climate Change Response	571	440	(131)	-22.9%
Waste Disposal & Collection	10,260	10,054	(206)	-2.0%
Fleet Services	135	618	483	357.8%
Highways Services (DSO)	3,347	3,183	(164)	-4.9%
Engineering Services	214	44	(170)	-79.4%
Traffic & Transportation	871	697	(174)	-20.0%
Corporate Landlord	4,198	4,745	547	13.0%

#### Climate Change Response

- The under spend of £131,000 in the Climate Change Response budget is primarily due to staff vacancies (£81,000) and subsequent under spend on associated climate change supplies and services budgets (£50,000) as a result of the selective vacancy freeze. Part of this under spend will be utilised towards the MTFs budget reduction for the Climate Emergency Response Programme of £55,000 in 2024-25.

#### Waste Disposal and Collection

- There is a net under spend on the Waste Disposal and Collection budget of £206,000 which has improved from the projected net under spend of £99,000 reported at quarter 3. The under spend is mainly due to additional income in relation to the joint service provision with the City and County of Swansea for the treatment of the Council's domestic food waste with higher income levels being achieved during 2023-24 (£129,000), however, there are still underlying pressures on the waste budget, including:
  - £60,000 due to the delay in the achievement of the 2022-23 MTFs saving, COM 2 - Re-location of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at the existing site. The new site opened during quarter 4, however the timing of the opening meant that the saving could not be implemented in 2023-24. The majority of the saving will now be made in 2024-25 once the exit terms of the lease at Tythegston have been finalised.
  - £35,000 due to the delay in the achievement of the 2022-23 MTFs saving, COM 3 – change the composition of Household Food Waste Bags. The budget reduction proposal was delayed until the outcome of national research had been completed to ensure any potential changes in legislation did not impact on this proposal. The new waste contractors from 1st April 2024 have been advised of the change of composition, therefore the saving will be made in full during 2024-25.
  - £50,000 due to the delay in the achievement of the 2023-24 MTFs saving, COM 1 – closure of each of the Community Recycling Centre sites for one weekday per week. Public consultation on this proposal was under taken between 30th June and 12th September 2023, with the outcome reported to Cabinet on 21st November 2023, when the proposal was approved. A marginal saving was made in 2023-24, with the full saving being realised in 2024-25.

- The remaining pressure on the waste budget is due to an increase in subscribers for both the Absorbent Hygiene Products (AHP) (£139,000) and Garden Waste (£53,000) collection services. The AHP service has been promoted to further improve the recycling levels achieved in Bridgend which also mitigates the risk of fines imposed by Welsh Government (WG) if local authorities do not meet their recycling targets. It has seen an increase of 6.2% since the start of the 2022-23 financial year. Garden waste subscriptions have increased by 20% over the last two years with the number of subscribers increasing from 6,249 in 2021-22 to 7,536. An annual subscription fee is charged for the service, and the garden waste collected also improves the recycling levels achieved in Bridgend, however it was not a fully cost-recovering service in 2023-24. It is anticipated under the new waste contract from the 1st April 2024 that the service will be fully cost-recovering in line with the Council's Fees and Charges Policy.

#### Fleet Services

- There is an over spend of £483,000 on Fleet Services which has worsened since the £350,000 over spend projected at quarter 3. As previously reported, 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 issues with recruitment and retention difficulties. A market supplement has been introduced in line with the corporate Market Supplement Policy following comparisons with neighbouring authorities and remuneration of HGV technicians, 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.

#### Highways Services

- The under spend of £164,000 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. The under spend has reduced from the quarter 3 projected under spend of £250,000 due to additional street lighting maintenance (£45,000) being necessary to be undertaken.

#### Engineering Services

- There is a under spend on Engineering Services of £170,000. 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.

#### Traffic and Transportation

- There is an under spend of £174,000 within Traffic and Transport Services. Parking Service is showing an under spend of £173,000. This is primarily due to better than forecast levels of income received in some car parks. This additional income is contributing to running parking services and pressures within the overall transport budget, e.g. Fleet Services, shopmobility service.
- The remainder of the under spend relates to staff vacancies which will be utilised towards the MTFs budget reduction for strategic transport planning of £70,000 in 2024-25.

### Corporate Landlord

- There is an over spend of £547,000 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 which have continued into 2023-24. It was reported at quarter 1 that there was an underlying shortfall in income at Bridgend Market of £100,000. This increased to £373,000 by quarter 4 primarily due to the identification of Reinforced Autoclaved Aerated Concrete (RAAC) and the subsequent closure of the market and loss of rental income.
- There is also a shortfall in income of £124,000 for the Innovation Centre and £134,000 on Industrial Units, and a strategy is being developed to reduce these income shortfalls in the longer term.
- Corporate Landlord continue to seek to commercially let out wings of Ravens Court to a partner organisation or business. However, at present demand for office space is limited and the re-letting market is extremely challenging. As noted in section 3.2.2 and 3.2.4 the £50,000 target for 2022-23 and the £120,000 target for 2023-24 in relation to this MTFS proposal were not achieved in this financial year which represents a further £170,000 pressure on the Corporate Landlord estates budget. There is also another £73,000 MTFS saving across the estate budgets for 2024-25.
- The over spend has been partially offset by staffing vacancies of £246,000 in line with the selective recruitment freeze.

### 3.3.4 Chief Executive's

The net budget for the Directorate for 2023-24 was £25.410 million and the actual outturn was £25.949 million following draw down of £1.311 million from earmarked reserves, resulting in an over spend of £539,000. This is compared to a projected over spend position of £1.265 million at quarter 3. The main reason for the decrease in projected over spend since quarter 3 is the receipt in quarter 4 of an increase to the 'Discretionary Housing Prevention' grant for homelessness from Welsh Government of £257,000 and an increase in the Ukraine Humanitarian Response grant of £140,000. Without this additional funding, the Housing and Homelessness service would have over spent by £637,000.

The main variances are:

CHIEF EXECUTIVE'S	Net	Actual outturn  £'000	Actual Variance	% Variance
	Budget		Over/(under) budget	
	£'000		£'000	
Legal, Democratic & Regulatory	6,074	6,627	553	9.1%
ICT	4,367	4,284	(83)	-1.9%
Housing & Homelessness	4,177	4,417	240	5.7%
Human Resources/ Organisational Development	2,237	2,110	(127)	-5.7%
Partnerships	2,377	2,255	(122)	-5.1%

### Legal, Democratic & Regulatory

- There is a net over spend of £553,000 across Legal, Democratic and Regulatory services, which shows an improved position from the quarter 3 projected net over spend of £718,000. In comparison, the over spend on legal fees for 2022-23 was £417,000, but this was partially offset by an earmarked reserve of £340,000 which was drawn down in that financial year. The remaining earmarked reserve for 2023-24 of £125,000 was drawn down to partially mitigate the over spend position.
- The over spend is primarily due to legal fees continuing to be a budget pressure. 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 King's Counsel, are continuing into 2023-24 and the actual spends are based on the number and complexity of cases. Council approved a £300,000 budget pressure for 2024-25 to support the increase in legal fees.
- There is also a net over spend of £9,000 in Regulatory Services (Licencing, Public Health, Pest Control etc) due to under recovery of income, particularly in Taxi Licencing and Environmental Health. This has improved since the quarter 3 projected over spend of £99,000 due to a refund of £74,000 being received in relation to the Shared Regulatory Service that provides regulatory services for Bridgend County Borough Council, Cardiff Council and the Vale of Glamorgan Council.

### ICT

- There is a net under spend of £83,000 across ICT budgets. This has improved from the projected net over spend of £39,000 reported at quarter 3 due primarily to earmarked reserve funding being utilised to offset one off software upgrade costs during quarter 4.
- This is partially offset by increased expenditure as a result of rising postage costs and under recoument of printing recharge income as a result of hybrid working.

### Housing & Homelessness

- There is an over spend of £240,000 on Housing & Homelessness. This is compared to the projected over spend position of £538,000 at quarter 3.
- 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 2022 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) initially provided grant funding of £898,694 for accommodation under the "No One Left Out" funding stream, and £137,000 for financial assistance for families and individuals experiencing financial difficulties with accommodation under a Discretionary Homelessness Prevention Grant. During quarter 4 WG increased the Discretionary Homelessness Prevention Grant by £257,000. WG also increased the Ukrainian grant funding by £140,000 up to £212,000. The total revised funding received from WG relating to housing and homelessness services for 2023-24 was £1.505 million which is still significantly lower than the total grant allocation of £2.128 million which was received in 2022-23.
- Spend on Homelessness accommodation in 2023-24 totalled £5.092 million, compared with £4.790 million projected at quarter 3. As well as the core accommodation budget (£2.722 million), total WG homelessness accommodation grant funding (£1,174,000) and Ukrainian grant funding (£212,000) the service has

also seen an increase in rental income relating to Housing Benefits claimed by tenants who have been supported with homelessness accommodation (£419,000). The net impact is an over spend on homelessness accommodation of £565,000.

- The accommodation spend is based on increased numbers of households and individuals supported, from 601 households and 965 individuals between April 2022 to March 2023, to 659 households and 1,034 individuals between April 2023 to March 2024. The over spend is also partially due to the average length of stay in temporary accommodation increasing to an average length of stay of 158 days for 2023-24 compared to 96 days for 2022-23. Also the makeup of households in temporary accommodation involves large households and families with disabilities for whom temporary accommodation is difficult to secure and often results in significantly higher costs. The budget will require close monitoring as we move into the new financial year in line with any further changes in support required for homelessness accommodation.
- The projected over spend on accommodation is partially mitigated by the under spend of £133,000 on staff vacancies in line with the selective vacancy freeze and is comparable with the quarter 3 projection of £135,000. The service area plan to fill these vacancies, therefore they will not form part of the MTFs budget reduction to review provision of the Homelessness Service in 2024-25.
- The other area of under spend in Housing relates to the Housing Deposits budget, a fund that is used to support initial set-up costs in temporary accommodation which has a £137,000 under spend.
- To mitigate this over spend on Housing going forward, in the short term the Rapid Rehousing Transitional Plan sets out the intention to work in partnership with key stakeholders to prevent homelessness and to ensure that where prevention is not possible, homelessness is brief and people have access to the support required to live as independently as possible. Secondly, the service is seeking to expand the existing Alternative to Bed & Breakfast Accommodation (ABBA) service which is a partnership working model with Registered Social Landlords (RSLs) to reduce the usage of Bed and Breakfast Accommodation through the provision of suitable temporary accommodation units, with linked housing related support, supporting the move into independent accommodation. Finally, the service is undertaking feasibility work with Corporate Landlord to develop a procurement strategy whereby the Council purchases, owns and manages shared accommodation.
- In the medium term, the service is working with RSLs to utilise capital income streams such as the Social Housing Grant to increase suitable housing stock over a 5 year programme. In 2023-24 £3.5 million of transitional capital has been invested, creating an additional 38 units of social housing in the borough. Secondly, in November 2023 Cabinet agreed to join the Welsh Government private rent sector Leasing Scheme with the aim of increasing the supply of suitable, affordable accommodation in the borough and reduce demand on homelessness services.

#### Human Resources & Organisational Development

- There is a net under spend of £127,000 across Human Resources (HR) & Organisational Development services, which shows an improved position from the projected quarter 3 net under spend of £55,000. This is primarily due to an under spend on the core budget to support the Council's apprenticeship scheme as apprentices have been successfully appointed into full time employment across the Authority. HR will be seeking to recruit additional apprentices in 2024-25, therefore this under spend is not recurring.

### Partnerships

- There is a net under spend of £122,000 across Partnership budgets which primarily relates to staff vacancies in line with the selective vacancy freeze. Part of this under spend will be utilised towards the MTFs budget reduction for Partnerships and Customer Services of £216,000 in 2024-25.

### 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 was £37.295 million and the actual outturn was £32.016 million resulting in an under spend of £5.279 million.

The most significant variances were:-

<b>COUNCIL WIDE BUDGETS</b>	<b>Net Budget</b>	<b>Actual Outturn</b>	<b>Actual Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Capital Financing	7,142	3,064	(4,078)	-57.09%
Council Tax Reduction Scheme	16,054	15,566	(488)	-3.04%
Insurance Premiums	1,363	764	(599)	-43.95%
Repairs and Maintenance	460	0	(460)	-100%

### Capital Financing

- The under spend of £4.078 million mainly relates to additional interest from current investments due to the higher level of interest rates agreed by the Bank of England Monetary Policy Committee. The increase to 4.5% in May 2023 was the highest it has been since 2008, but this has further increased to 5% in June 2023 and 5.25% in August 2023. The rate has remained frozen at 5.25% since August 2023, however indications are that this will start to reduce during 2024.
- It should 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 and this has not been drawn down in full to date.

### Council Tax Reduction Scheme

- There is an under spend of £488,000 on the Council Tax Reduction Scheme. This is a demand led budget and take-up is difficult to predict. Take-up for 2023-24 is higher than in 2022-23 when the gross spend in this budget area was £14.885 million, although part of this would be as a result of the council tax increase in April 2023. The budget will be closely monitored in 2024-25 following the 9.5% council tax increase in April 2024, as it is possible 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.

### Insurance Premiums

- There is an under spend of £599,000 on Insurance Premiums. This primarily relates to a reduction in the overall fund liability following successful claims repudiated and settled at a lower amount, claims won and an exceptionally low year for claims received. The outturn for 2023-24 is considered to be a one-off under spend, with

the budget not having under spent since 2020-21, however the budget will continue to be reviewed going forward to determine if there are any further permanent budget reduction opportunities.

#### Repairs and Maintenance

- There is an under spend of £460,000 which is as a result of slippage on some minor works schemes and feasibility studies in 2023-24.

### 3.3.6 Council Tax Collection

- At quarter 3 it was reported that it was still early in the financial year to provide a realistic indication of projected council tax income for 2023-24, and whether the Council was likely to see a reduction in council tax income as more people have suffered financial hardship due to the current cost of living crisis, or whether additional income would be collected from the introduction of council tax premiums on empty properties.
- The outturn for 2023-24 shows additional income of £1.506 million has been collected (+ 1.5%). £516,000 of this is in relation to the premium charge for empty properties, which was implemented on 1<sup>st</sup> April 2023, with the remainder being a combination of collection of arrears from previous financial years and additional in-year collection Premiums on second homes are being implemented from 1st April 2024.

### 3.4 Review of Earmarked Reserves

- 3.4.1 The Council is required to maintain adequate financial reserves to meet the needs of the organisation. The MTFs includes the Council’s Reserves and Balances Protocol which sets out how the Council will determine and review the level of its Council Fund balance and earmarked reserves. During 2023-24 Directorates drew down funding from specific earmarked reserves and these were reported to Cabinet through the quarterly monitoring reports. The final draw down from revenue reserves was £12.186 million and is summarised in Table 4 below. A more detailed breakdown of the movement on capital and revenue reserves is outlined in **Appendix 4**.

**Table 4 – Draw Down from Earmarked Reserves during 2023-24**

	<b>Draw down from Earmarked Reserves 2023-24 £'000</b>
<b>Education &amp; Family Support</b>	649
<b>Social Services &amp; Wellbeing</b>	5,660
<b>Communities</b>	2,419
<b>Chief Executives</b>	1,311
<b>Non-Directorate</b>	2,147
<b>Total</b>	<b>12,186</b>

3.4.2 The net over spend position of £7.054 million for 2023-24, as set out in 3.1.2, required the unwinding of £6.952 million of existing earmarked reserves, along with a transfer of £102,000 from the Council Fund (see para 3.4.3) to balance the budget at year end. The main earmarked reserves that were unwound included capital programme reserves and those set aside for other high risk areas, which will reduce the funding available, for example, on capital expenditure going forward. Given the overall over spend position, no new earmarked reserves could be created at year end.

3.4.3 Table 5 below summarises the final position on all revenue useable reserves for the year, including the Council Fund. In addition there are currently £40.222 million of other earmarked reserves funding schemes within the capital programme.

**Table 5 – Summary of Movement on Revenue Earmarked Reserves 2023-24**

Opening Balance 1 April 2023 £'000	Reserve	Movement at Quarter 4			Closing Balance 31 March 2024 £'000
		Additions £'000	Reclassification £'000	Drawdown/ Unwound £'000	
9,832	Council Fund Balance	-	-	(102)	9,730
16,739	Corporate Reserves	3,143	(141)	(9,045)	10,696
19,182	Directorate Reserves	3,338	(6,326)	(9,526)	6,668
5,703	Equalisation & Grant Reserves	988	(232)	(2,454)	4,005
6,898	School Balances	-	-	(4,493)	2,405
<b>48,522</b>	<b>Total Earmarked Reserves</b>	<b>7,469</b>	<b>(6,699)</b>	<b>(25,518)</b>	<b>23,774</b>
<b>58,354</b>	<b>Total Usable Reserves</b>	<b>7,469</b>	<b>(6,699)</b>	<b>(25,620)</b>	<b>33,504</b>

3.4.4 In terms of financial reserves, the Council Fund balance represents 2.84% of the net revenue budget for 2023-24, or 4.30% of the net revenue budget excluding schools. This is a reduction from the 4.84% of the net revenue budget, excluding schools, reported in 2023-24 and is a further movement away from MTFs Principle 9 which states that:-

*The Council Fund balance should be set at a prudent but not excessive level. This will normally be maintained at a level of 5% of the Council's net budget, excluding schools.*

#### **4. 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 The Committee is recommended to consider the revenue outturn position for 2023-24.

**Background documents:** Individual Directorate Monitoring Reports