

<b>Meeting of:</b>	<b>CABINET</b>
<b>Date of Meeting:</b>	<b>22 OCTOBER 2024</b>
<b>Report Title:</b>	<b>BUDGET MONITORING 2024-25 – QUARTER 2 REVENUE FORECAST</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 2024-25 is £360.671 million. The overall projected year end position at 30th September 2024 is a net over spend of £6.797 million, a £2.415 million improvement on the projected net over spend of £9.212 million reported at quarter 1.</b></li> <li>• <b>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.</b></li> <li>• <b>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 £1.455 million, or 11.15% of the overall reduction target.</b></li> </ul>

## **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 September 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 September 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 September 2024**

Directorate/Budget Area	Original Budget 2024-25 £'000	Revised Budget 2024-25 £'000	Projected Outturn Q2 2024-25 £'000	Projected Over / (Under) Spend 2024-25 £'000	Projected Over / (Under) Spend Qtr 1 2024-25 £'000
<b>Directorate</b>					
Education, Early Years and Young People	143,485	144,525	146,232	1,707	1,961
Social Services and Wellbeing	104,575	105,631	110,087	4,456	6,080
Communities	30,704	32,017	32,633	616	750
Chief Executive's	22,425	22,690	24,712	2,022	2,350
<b>Total Directorate Budgets</b>	<b>301,189</b>	<b>304,863</b>	<b>313,664</b>	<b>8,801</b>	<b>11,141</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,052	7,052	5,446	(1,606)	(1,604)
Levies	9,635	9,635	9,558	(77)	(80)
Apprenticeship Levy	750	750	836	86	90
Council Tax Reduction Scheme	16,054	16,054	16,763	709	861
Insurance Premiums	1,363	1,363	1,228	(135)	(146)
Repairs & Maintenance	670	670	670	0	0
Pension Related Costs	430	430	430	0	0
Other Corporate Budgets	23,528	19,854	18,873	(981)	(1,050)
<b>Total Council Wide Budgets</b>	<b>59,482</b>	<b>55,808</b>	<b>53,804</b>	<b>(2,004)</b>	<b>(1,929)</b>
<b>Total</b>	<b>360,671</b>	<b>360,671</b>	<b>367,468</b>	<b>6,797</b>	<b>9,212</b>

- 3.1.2 The overall projected position at 30th September 2024 is a net over spend of £6.797 million comprising £8.801 million net over spend on directorates and a net under spend of £2.004 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 grow your own scheme and international recruits.
- 3.1.6 There continues to be pressures in learning disabilities, mental health 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 £539,000. 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 £539,000. The service has also seen an increase in demand for transporting pupils individually due to challenging behaviour and an increase in Additional Learning Needs (ALN) pupils requiring transport provision based on the learner's needs assessment. However, the overall projected over spend has decreased from the £1.277 million at quarter 1 due to in-year tenders

issued with price caps for submission for providers, resulting in a significant cost saving for the service area.

- 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. 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. There is a projected net over spend of £654,000 in this service area which has improved from the projected over spend of £860,000 reported at quarter 1. The key factor in this reduction is the purchase of Houses in Multiple Occupation enabling a reduction in the use of more expensive options such as tourism style properties.
- 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 continue to suffer financial hardship due to the ongoing 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 are 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.
- 3.1.11 The main virements and technical adjustments are outlined below:

#### **Budget Virements**

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of funding from Chief Executives Directorate to Communities Directorate for Business Support Officer (Energy)	£31,104

#### **Technical Adjustments**

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of inflationary uplifts not confirmed when the Medium Term Financial Strategy was agreed that are held centrally until evidence of the uplift is provided by the service areas (detailed in paragraph 3.1.13).	£3,568,223
Allocation of funding retained centrally in respect of Joint Negotiating Committee (JNC) pay award 2024-25 for Chief Officers.	£59,324

## **Pay/Price Inflation**

- 3.1.12 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 was retained centrally within Council wide budgets, to be allocated as further information was known about specific contractual price increases. Amounts released during quarter 2 are shown in 3.1.11, and include £1.127 million energy uplift for corporate and leisure services buildings, £0.719 million energy uplift for school buildings, £0.446 million increase to waste collection and recycling budgets, £0.278 million increase to Homes for Older People budgets and £0.200 million increase to Home to School Transport in line with the Consumer Price Index (CPI).
- 3.1.13 Welsh Government have recently consulted with unions on their proposed 5.5% pay offer for teachers from September 2024 onwards and there are ongoing discussions on 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.
- 3.1.14 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, although we do expect to hear what funding will be available in the next quarter.
- 3.1.15 Whilst inflation rates have decreased to 2.2% (August 2024) 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**

- 3.1.16 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.
- 3.1.17 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.
- 3.1.18 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 was 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**

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Likely to be Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education, Early Years and Young People	40	40	0
Communities	375	244	131
<b>TOTAL</b>	<b>415</b>	<b>284</b>	<b>131</b>

*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, £284,000 is likely to be achieved in 2024-25 leaving a shortfall of £131,000. 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 timing of the opening meant that exit terms of the lease are being finalised in 2024-25. Once these have been finalised the full saving will be made.
- 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 has been depleted due to unplanned staff absences. A staff member has commenced work on this proposal. It will require a full order making process which typically takes 12 – 18 months.

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 whether any draw down from the MTFS Budget Reduction Contingency reserve is required 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 £8.864 million has been achieved to date with an additional £2.726 million likely to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £1.455 million, or 11.15% 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	868	1,347	213
Schools	3,441	3,441	3,441	0
Social Services and Wellbeing	2,248	1,098	1,802	446
Communities	2,460	1,769	2,378	82
Chief Executive's	3,246	1,598	2,532	714
Corporate/Council Wide	90	90	90	0
<b>TOTAL</b>	<b>13,045</b>	<b>8,864</b>	<b>11,590</b>	<b>1,455</b>

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

- EDFS9 – Cessation of Adult Community Learning provision (£149,000). The shortfall is due to the timing of the required restructure which is now underway. Further updates will be provided to Cabinet in the quarter 3 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 £4.709 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 £265,000. On 14th May 2024 Cabinet approved 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. Maximisation of the Shared Prosperity Fund in 2024-25 has mitigated this shortfall in the short term.
- SSW23 – reduction to the contribution towards the regional Western Bay adoption service (£250,000). There is currently a projected shortfall of £119,000. Further work is planned over the coming months with the regional service to identify further savings.
- CEX2 – Chief Executive’s Directorate vacancy management factor (£510,000). The projected shortfall of £182,000 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.
- CEX22 – Review of ICT Services (£398,000). There is currently a projected shortfall of £234,000 against this proposal, Further work is needed to be undertaken to review the telephony budgets 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.

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 September 2024

#### Financial position at 30th September 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 £144.525 million. Current projections indicate an over spend of £1.707 million at year end. The main variances are:

<b>EDUCATION, EARLY YEARS AND YOUNG PEOPLE DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Learner Support	6,830	8,222	1,392	20.4%
Early Years and Young People	4,598	4,352	(246)	-5.4%
Home to School Transport	10,019	10,557	539	5.4%

#### Schools' delegated budgets

Total funding currently delegated to schools in 2024-25 is £113.993 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, Early Years and Young People in line with the 'Guidance and Procedures on Managing Surplus School Balances'.

At the start of 2024-25 projections indicated an overall deficit balance for school delegated budgets of £5.161 million at year end. At quarter 2 this has reduced to a projected deficit of £4.709 million. There are 38 primary schools, 5 secondary schools and 2 special schools (76% 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 have reviewed the deficit plans submitted, with schools being invited to challenge meetings over the Autumn term.

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

### **Learner Support**

- There is a projected net over spend of £1.392 million in Learner Support budgets which has increased from the projected over spend of £841,000 reported at quarter 1.
- The projected over spend is despite the Council approving £500,000 of additional funding as part of the MTFS 2024-25 for learner 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 £1.419 million, an increase of £602,000 from the projected over spend of £817,000 at quarter 1. The projected over spend remains 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 and 309 in the Autumn term of 2024-25. The increase in projected over spend is primarily due to additional one to one support provided to Bridgend pupils in Bridgend schools to prevent pupils being placed in more costly out of authority placements. The additional numbers for prevention of additional out of authority placements have steadily increased to 34 in quarter 2.
- 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, in addition to out of county placements reducing from 21 (Spring 2024) to 19 in the Summer term, with a further reduction to 14 expected in the Autumn term. The service 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 £282,000 (£200,000 projected under spend at quarter 1).
- There is a projected £199,000 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 3 monitoring report.

### **Early Years and Young People**

- The projected under spend of £246,000 has increased from the £209,000 projected under spend reported in quarter 1. This primarily relates to early implementation of a MTFS saving originally scheduled for 2025-26 – EDF510 – Reduction in Education Welfare Service (£136,000), combined with 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 £539,000 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 ALN pupils requiring transport provision based on the learner's needs assessment. 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 £244,000.
- However, the overall projected over spend has decreased to £539,000 from the £1.277 million projected over spend reported at quarter 1. This reduction is primarily due to in-year tenders issued, with a price cap for submissions for providers, resulting in a significant cost saving for the service area.
- 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. In July 2024 Cabinet considered the outcome of this public consultation and approved 4 out of the 5 proposals. In September 2024 Cabinet approved a revised Home to School Transport Policy, for implementation from September 2025. It is estimated that over £1m of recurring budget reductions can be made from the current home to school transport budget in 2026-27, with a partial saving towards this in 2025-26.

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

The Directorate's net budget for 2024-25 is £105.631 million. Current projections indicate an over spend of £4.456 million at year end compared to the quarter 1 over spend of £6.080 million. The detailed narrative below sets out the main service areas where projections have improved, including direct payments, adult services assessment and care management, homes for older people, prevention and wellbeing and children and families commissioning and social work budgets.

The outturn for 2023-24 was an over spend of £11.827 million. Council approved budget pressures of £8.330 million for the SSWB Directorate in February 2024 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 quarter 1 report, there continue to be pressures in learning disabilities driven by the complexity of need. There is also significant pressure in children's residential placements where the need for care experienced children to be cared for in independent residential homes (20) exceeds the available budget. The Social Services Improvement Board is overseeing a number of actions to address the service and financial pressures evident in the children and families and adult services budgets. Good progress is being made at the end of the first year of

the 3 year strategic plan for children and families approved in September 2023. 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 that took place over the summer period.

It should also be noted that this year's budget is underpinned by significant investment of non-recurring grants including Eliminating Profit (£1.5 million) and Shared Prosperity Fund (£600,000) along with Social Care Workforce Grant (£2 million).

The most significant variances for the directorate are :

<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Adult Social Care	71,352	73,280	1,928	2.70%
Prevention and Wellbeing	6,433	6,140	(293)	(4.55)%
Childrens Social Care	27,845	30,666	2,821	10.13%

### **Adult Social Care**

There is a net over spend of £1.928 million on the Adult Social Care budget an improvement of £416,000 from the £2.344 million over spend projected at quarter 1.

The most significant variances contributing to the over spend are:

<b>ADULT SOCIAL CARE</b>	<b>Projected Variance Over/(under) budget</b>
	<b>£'000</b>
Learning Disabilities Day Opportunities	679
Mental Health Homecare	679
Learning Disabilities Homecare	457
Learning Disabilities Residential Care	438
Older People Direct Payments	369
Physical Disability/Sensory Impairment Home Care	329
Physical Disability/Sensory Equipment	266
Older People Supported Accommodation	201
Learning Disabilities Direct Payments	110
Physical Disability/Sensory Impairment Direct Payments	56
Assessment and Care Management	(13)
Mental Health Residential Care	(17)
Mental Health Supported Accommodation	(164)
Homes for Older People	(252)
Older People Home Care	(772)

- Learning Disabilities Day Opportunities - the projected over spend of £679,000 relates mainly to placement numbers exceeding the available budget for external day services (£519,000) in addition to increased transport costs (£160,000). The underlying reason for the projected over spend continues to be that whilst the learning disabilities home care budget continues to over spend as people have not returned to internal day services, older 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. The projected over spend on transport costs has reduced by £100,000 since quarter 1 due to a reduction in projected costs for external transport following an extensive review by the service. In addition, since quarter 1 three new vehicles have become operational enabling a reduction in the number of vehicles hired on a short term basis. A new transport policy went to Cabinet in July 2024 and is currently out for consultation which is due to finish at the end of October with a follow up report then to be taken to Cabinet in the coming months.
- Mental Health Homecare – this includes supported living, short breaks and domiciliary care with the service experiencing increased needs of people with supported living packages of care. The projected over spend of £679,000 has increased from the quarter 1 projected over spend of £475,000 mainly due to 2 new supported living placements, one of which was an appropriate step down from a fully health funded 24 hour community mental health hospital, and the other being a step down from a residential placement into supported living which achieved an overall cost saving of £22,000 per annum. In quarter 2 there has also been a transfer of 2 placements from Domiciliary Care (£186,000).
- Learning Disabilities Homecare – there is a projected over spend of £457,000 compared to £310,000 at quarter 1. This is mainly due to increases in staffing costs due to having to cover staff sickness. In addition, the projected costs of external home care increased by £85,000 compared with quarter 1. This is due to 5 new placements that have been commissioned through applying the methodology of the Commissioning for Complex Needs (CFCN) assessment process. The new placements are costed at an average weekly cost of £325, whereas without the methodology of CFCN the average cost would have been £920.
- Learning Disabilities Residential Care – there is a projected over spend of £438,000 compared to £339,000 at quarter 1. The underlying reason for the projected over spend is due to increased costs for existing placements within the residential and nursing service due to changing needs. Quarter 2 also saw an increase of 1 specialist placement from a 24 hour hospital setting and 1 residential placement moving from home.
- Older People Direct Payments – there is a projected over spend of £369,000 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 has reduced by £203,000 since quarter 1 due to a detailed review being undertaken in quarter 2 of all direct payment cases, with packages being removed from projections where activity had ceased for longer than six months, along with increases in account reimbursements.

- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £329,000, which is based on the current demand on the service provision, which is 107 packages of support. The projected over spend has increased since the quarter 1 projected over spend position of £220,000 which was based on 99 packages of support.
- Physical Disability/Sensory Equipment – there is a projected over spend of £266,000. This is partly due to an increase in the expected contribution to the community equipment pooled fund (£84,000) with the remainder being due to increases in demand for small works and adaptations and aids to daily living. This is a fluctuating demand led budget which varies month by month and will be closely monitored.
- Older People Supported Accommodation – there is a projected over spend of £201,000. This projected over spend is based on the current number of placements which have increased from 40 at quarter 1, to 42 at quarter 2.
- Learning Disabilities Direct Payments – there is a projected over spend of £110,000 across the Direct Payments budgets in this area. The main reason for the projected over spend is the increasing complexity of cases which impact on the average cost of direct payments support. The projected over spend has reduced since quarter 1 by £242,000 due to a detailed review being undertaken in quarter 2 of all direct payment cases, with packages being removed from projections where support has ceased for longer than six months, along with a £90,000 Social Care Workforce Grant allocation confirmed since quarter 1.
- Physical Disability/Sensory Impairment Direct Payments – there is a projected over spend of £56,000 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 has reduced since quarter 1 by £211,000 due to a detailed review being undertaken in quarter 2 of all direct payment cases, with packages being removed from the projections where support has ceased for longer than six months along with increases in account reimbursements.
- Assessment and Care Management – there is a projected under spend of £13,000 on directorate wide assessment and care management budgets, a reduction from the quarter 1 projected over spend of £201,000. The reduction in projected spend is primarily due an increase of £50,000 in Social Care Workforce Grant allocated along with a reduction of £87,000 in projected agency costs. 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 – There is a projected under spend of £17,000. The projected under spend has reduced since the quarter 1 projected under spend of £273,000 due to an increase in placement numbers from 43 placements to 44 placements at quarter 2 (specialist placement from a fully health funded 24 hour hospital setting), and an increase in contributions for clients whose package of care are shared with Health.

- Mental Health Supported Accommodation – The projected under spend of £164,000 primarily relates to projected under spend on staffing budgets. The projected under spend has increased from the £73,000 reported at quarter 1 mainly due to staff vacancies being held for the short term.
- Homes for Older People – There is a projected under spend of £252,000 compared to a projected over spend of £214,000 at quarter 1. Since quarter 1 there has been an increase in projected client contributions for internal residential homes. 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 savings or assets and are therefore not reliant on the local authority paying their contribution in full, then this will increase the overall average income received per person. Secondly, as noted in section 3.1.12, there has been an allocation from the central price inflation budget to this service area during quarter 2 which has also improved the projections by £278,000 as the increased costs experienced by the service had been built into the quarter 1 projections. The quarter 2 projection also includes an allocation of £110,000 from the Social Care Workforce Grant.
- Older People Home Care – There is a projected under spend of £772,000, a reduction from the quarter 1 projected under spend of £1.034 million. The under spend still primarily relates to projected under spends on staffing budgets as a result of the recruitment challenges in the internal 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. Since quarter 1 there has also been an increase in projected client contributions of £257,000 for the internal Homecare service. However, this has been offset by a projected over spend on external domiciliary care placements due to complexities of people's needs and increased packages of support.

### **Prevention and Wellbeing**

- There is a projected under spend of £293,000 compared to a projected over spend of £252,000 at quarter 1. This is mainly due to maximisation of grant funding from the Shared Prosperity Fund (£450,000) which has been confirmed since quarter 1.
- The following MTFs savings are not anticipated to be fully achieved in 2024-25:
  - SSW7 – review opportunities to amend the current energy payment arrangements for the leisure contract - £45,000 shortfall.
  - SSW13 – Council to reduce its investment into cultural services - £265,000 shortfall.

### **Children's Social Care**

There is a projected net over spend of £2.821 million on the Children's Social Care budget compared with the projected net over spend of £3.484 million at quarter 1. The most significant variances contributing to this over spend are:-

<b>CHILDREN'S SOCIAL CARE</b>	<b>Projected Variance Over/(under) 2024-25 – qtr 2 £'000</b>
Care Experienced Children	2,953
Commissioning & Social Work	131
Other Child & Family Support Services	(72)
Management and Admin	(105)

- The over spend of £2.953 million for Care Experienced Children has reduced from the £3.104 million reported at quarter 1. It is due to a combination of factors:-
  - The Independent Residential Care budget has a projected over spend of £3.473 million (quarter 1 - £3.577 million). This is based on the number of care experienced children in independent residential placements which is currently 20 placements. The underlying over spend position is due to the number in independent residential placements (20) exceeding the budget which covers between 6-8 placements depending on the unit cost. In addition there continues to be insufficient in-house 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.
  - There is a projected under spend of £117,000 on the Independent Fostering Agency (IFA) budget based on 35 placements (37 placements at quarter 1). This is due to alternative, lower cost, placement options being utilised, including Special Guardianship Orders. It should be noted however, that some of the children in costly independent residential provision would ideally be with foster carers who can manage complex needs. There is insufficient capacity in-house and in IFA's which means that some children's needs are being met in a higher tier of service.
- Commissioning and Social Work – There is a projected under spend of £72,000 which has significantly improved since the quarter 1 projected over spend of £355,000. The projected over spend at quarter 1 was partly due to having to continue to rely on agency staffing across all the children's social work teams. Good progress continues to be made in relation to permanent recruitment, and significant reduction in the use of agency across all social work teams, improving the projections in this budget area. The service has benefited from successes in international recruitment, the conversion of agency to permanent, and the 'grow your own' social work scheme. There remains a projected over spend in care and support and placement costs across the service area (£325,000), the majority of which relate to Care Experienced Children/care support spend such as court mandated drug testing, assessments, reports, travel and therapy costs over which the service has no discretion but to secure against a very limited budget. In total the service has received budget pressures of £3 million (£1m in 2023-24 and an additional £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 £131,000 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 £105,000 which has reduced from the projected under spend of £178,000 at quarter 1 due to two posts being appointed to during quarter 2. The underlying projected under spend is primarily due to other 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 £32.017 million. The current projection is an anticipated over spend of £616,000. The main variances are:

<b>COMMUNITIES DIRECTORATE</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Fleet Services	156	616	460	294.87%
Development Control	(111)	(39)	72	64.86%
Strategic Regeneration	937	744	(193)	-20.6%
Waste Collection & Disposal	11,177	11,249	72	0.64%
Highways Services (DSO)	3,273	3,143	(130)	-3.97%
Corporate Landlord	3,056	3,334	278	9.1%

#### Fleet Services

- There is a projected over spend of £460,000 on Fleet services which has worsened from the £348,000 projected at quarter 1, and is now more in line with 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 have been further impacted since quarter 1 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 only seen limited success in filling vacancies. A review outlining options for service operating models to mitigate the budget position of fleet services has been delayed due to officer availability and is anticipated to proceed in the latter half of the 2024-25 financial year.

#### Development Control

- The projected over spend in Development Control of £72,000 is primarily due to the anticipated slippage of significant developments into 2025-26. Fee income is

subject to considerable fluctuations between years, depending on number and of types of applications.

#### Strategic Regeneration

- There is a projected under spend of £193,000 on Strategic Regeneration budgets. This is primarily due to maximisation of the Shared Prosperity Fund (£170,000) 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.

#### Waste Collection and Disposal

- There is a net projected over spend on the Waste Disposal and Collection budget of £72,000. The main underlying pressures on the waste budget include:-
  - The delay in the achievement of the 2022-23 MTFS saving, COM 2 – Relocation of Community Recycling Centre from Tythegston to Pyle resulting in cessation of lease payments at the existing site. Whilst the new site opened in quarter 4 of 2023-24 the timing of the opening meant that the full saving could not be achieved in 2024-25 as the exit terms of the lease needed to be finalised (£60,000 shortfall).
  - Increase in subscribers for the Absorbent Hygiene Products (AHP) service (£66,000). The AHP service has been promoted to further improve the recycling levels achieved in Bridgend which also mitigates the risk of fines imposed by WG if local authorities do not meet their recycling targets. It has seen an increase of 35% since the start of the 2022-23 financial year.

#### Highways Services

- The projected under spend of £130,000 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 income for the service area.

#### Corporate Landlord

- There is a projected over spend of £278,000 against Corporate Landlord which has decreased from the £600,000 over spend projected at quarter 1.
- At quarter 1 there was a forecasted over spend of £201,000 on other council run buildings, mainly due to increased maintenance costs resulting in COM23 – reduction to property maintenance budgets (£100,000) being unlikely to be achieved in 2024-25. This projection has improved to a break even position since quarter 1 as the service is seeking to utilise the minor works budget where possible to support key maintenance of council run buildings.
- There are still 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 £285,000 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.

- 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 £22.690 million. Current projections anticipate an over spend against this budget of £2.022 million. This is a reduction of £328,000 from the quarter 1 projected over spend of £2.350 million. The main variances are:

<b>CHIEF EXECUTIVE'S</b>	<b>Net Budget</b> <b>£'000</b>	<b>Projected outturn</b> <b>£'000</b>	<b>Actual Variance Over/(under) budget</b> <b>£'000</b>	<b>% Variance</b>
Housing & Homelessness	3,489	4,143	654	18.74%
Legal, Democratic & Regulatory	5,764	6,376	612	10.62%
ICT	3,794	4,127	333	8.78%
Finance	3,881	4,060	179	4.61%
Human Resources/ Organisational Development	1,871	1,920	49	2.6%

#### Housing & Homelessness

- There is a projected net over spend of £654,000 on Housing & Homelessness which is a reduction on the projected over spend of £860,000 reported at quarter 1 of £246,000.
- The overall budget for housing and homelessness has been reduced by £645,000 in 2024-25 due to MTFS budget reduction proposals. Appendix 2 highlights that it is anticipated that all of these are now likely to be achieved in 2024-25.
- 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 at quarter 2 is £4.5 million, a reduction of £250,000 since the £4.750 million reported at quarter 1. The key factor in this reduction is the purchase of Houses in Multiple Occupation (HMO) stock as well as utilising an existing BCBC property with the opening of Maple Tree House (previously Children's Residential Home), enabling a reduction in the use of more expensive options such as tourism style properties.

- 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 £890,000.
- 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. The projected accommodation spend for 2024-25 is based on supporting 260 households and 434 individuals as at September 2024 which is a decrease compared to the 284 households and 523 individuals supported as at September 2023.
- Measures to support the delivery of CEX21 – review of Homelessness Service, are in the early stages of implementation but are projected to meet the saving in full. Longer term arrangements are more cost effective. There has also been an increase in the use of 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 £890,000 on accommodation is offset by projected under spends on the Brynmenyn Homeless Centre (£135,000) due to an increase in Housing Benefit income levels, staff vacancies (£40,000) and maximisation of Supporting People grant (£124,000).

#### Legal

- There is a projected net over spend of £612,000 across Legal, Democratic and Regulatory services, a reduction of £26,000 since quarter 1.
- There is a projected over spend on staffing budgets within Legal services of £77,000, 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 £165,000. This is primarily due to the projected under recoupment of income for taxi examination and licence fees (£84,000). 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 £181,000 (£204,000 projected over spend at quarter 1).

#### ICT

- There is a projected net over spend of £333,000 across ICT budgets which has reduced by £9,000 since quarter 1. This is primarily due to the projected shortfall of £234,000 against the MTFS saving CEX 22 – Review of ICT services, with a planned review of telephony budgets across the Council due to take place during quarter 3. 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 £179,000 across Finance, a reduction of £24,000 since quarter 1. This is primarily due to a projected shortfall of £158,000 on Department for Work and Pension (DWP) subsidy contributions towards housing benefit payments (£113,000 at quarter 1) 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 £49,000 within Human Resources and Organisational Development which has improved since the quarter 1 projected over spend of £135,000. The underlying projected over spend is due to the timing of the implementation of CEX16 – Restructure of HR Service (£86,000) which has been partly mitigated by an increase in projected under spends on overall HR staffing budgets.

### 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 £55.808 million. Current projections anticipate an under spend against this budget of £2.004 million. The main variances are:-

<b>COUNCIL WIDE BUDGETS</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Capital Financing	7,052	5,446	(1,606)	-22.77%
Council Tax Reduction Scheme	16,054	16,763	709	4.41%
Other Corporate Budgets	23,493	22,443	(1,050)	-4.47%

### Capital Financing

- The projected under spend of £1.606 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. A 5.25% interest rate was held from August 2023 to July 2024. Interest rates were cut from 5.25% to 5% in August 2024 with suggestions that interest rates could be cut more quickly if price rises remain under control.
- 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 £709,000 on the Council Tax Reduction Scheme which has reduced from the £861,000 projected over spend at quarter 1. 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. Cases will continue to be reviewed closely during the year to ensure that only those entitled to receive support continue to do so.

#### Other Corporate Budgets

- As referred to in paragraph 3.1.12 and 3.1.13, 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.

### **3.4 Earmarked Reserves**

- 3.4.1 The cumulative revenue draw down by directorates is £1.696 million as shown in Table 4 below. The majority of the draw down from earmarked reserves takes place in the later stages of the financial year, especially on capital and grant funded schemes. In addition, school balances are not adjusted until the year end – an overall draw down in year of £7.114 million from school balances is currently projected, which would leave a negative balance to be managed by the Council
- 3.4.2 A thorough review of earmarked reserves will be undertaken by Corporate Management Board during quarter 3 of 2024-25, including an assessment of the draw down profile and re-profiling of existing earmarked reserves. The assessment will also include identifying earmarked reserves that can be unwound in order to fund emerging risks for the Council as a whole in 2024-25 onwards. It should be noted, however, that the net over spend position of £7.054 million for 2023-24 already necessitated the unwinding of £6.952 million of existing earmarked reserves to balance the budget at year end, leaving less capacity to do this again in 2024-25.

**Table 4 – Usable Revenue Earmarked Reserves (Excluding Council Fund) – Quarter 2**

Opening Balance 01 Apr 24	Reserve	Net Additions/ Reclassification	Draw- down	Unwound	Closing Balance 30 Sep 24
£'000		£'000	£'000	£'000	£'000
	<b>Corporate Reserves:</b>				
2,772	Asset Management Reserves	(30)	(140)	-	2,603
1,330	Major Claims & Insurance Reserves	-	-	-	1,330
1,893	Service Reconfiguration	-	-	-	1,893
1,794	Change Management/Digital Transformation	(538)	(253)	(85)	919
500	Economic and Future Resilience Fund	-	-	-	500
2,406	Other Corporate Reserves	-	-	-	2,406
<b>10,695</b>	<b>Total Corporate Reserves</b>	<b>(568)</b>	<b>(393)</b>	<b>(85)</b>	<b>9,650</b>
	<b>Directorate Reserves:</b>				
811	Education & Family Support	-	(129)	-	682
2,676	Social Services & Wellbeing	506	(645)	-	2,537
1,442	Communities	-	-	-	1,442
1,740	Chief Executives	520	(476)	-	1,785
<b>6,668</b>	<b>Total Directorate Reserves</b>	<b>1,027</b>	<b>(1,251)</b>	<b>-</b>	<b>6,444</b>
	<b>Equalisation &amp; Grant Reserves:</b>				
1,278	Education & Family Support	(914)	-	-	363
90	Social Services & Wellbeing	-	-	-	90
2,359	Communities	4	(30)	-	2,333
279	Chief Executives	-	(23)	-	256
<b>4,005</b>	<b>Equalisation &amp; Grant Reserves:</b>	<b>(910)</b>	<b>(52)</b>	<b>-</b>	<b>3,043</b>
2,405	School Balances	-	-	-	2,405
<b>23,774</b>	<b>TOTAL RESERVES</b>	<b>(451)</b>	<b>(1,696)</b>	<b>(85)</b>	<b>21,542</b>

3.4.3 In addition to the usable revenue reserves in Table 4, there are currently £40.762 million of other earmarked reserves funding schemes within the capital programme.

#### **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