

<b>Meeting of:</b>	<b>CORPORATE OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>Date of Meeting:</b>	<b>28 JANUARY 2025</b>
<b>Report Title:</b>	<b>BUDGET MONITORING 2024-25 – QUARTER 3 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 31st December 2024 is a net under spend of £6.787 million, a £13.584 million improvement on the projected net over spend of £6.797 million reported at quarter 2.</b></li> <li>• <b>The main reasons for the improved projections are a reduction in the net over spends for directorates of £1.836 million, Welsh Government grants of £3.290 million towards the teachers’ pay award for 2024-25 and NJC pay pressures, not needing to utilise the £1.558 million that was built into the Medium Term Financial Strategy 2024-28 towards emerging budget pressures and as a contingency against non-deliverability of budget reduction proposals, and a £2.27 million saving from Council agreeing a change in the Minimum Revenue Policy.</b></li> <li>• <b>The main service areas projecting over spends are primarily due to ongoing pressures within the Social Services and Wellbeing Directorate, support for pupils with Additional Learning Needs, Home to School Transport budget and Housing and Homelessness.</b></li> </ul>

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|  | <ul style="list-style-type: none"><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 £1.441 million, or 11.05% of the overall reduction target.</b></li></ul> |
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## **1. Purpose of Report**

- 1.1 The purpose of this report is to provide Corporate Overview and Scrutiny Committee with an update on the Council's revenue financial position as at 31st December 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 31st December 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 31st December 2024**

Directorate/Budget Area	Original Budget 2024-25 £'000	Revised Budget 2024-25 £'000	Projected Outturn Q3 2024-25 £'000	Projected Over / (Under) Spend 2024-25 £'000	Projected Over / (Under) Spend Qtr 2 2024-25 £'000
<b>Directorate</b>					
Education, Early Years and Young People	143,485	148,785	150,207	1,422	1,707
Social Services and Wellbeing Communities	104,575	109,390	112,186	2,796	4,456
Chief Executive's	30,704	32,999	33,824	825	616
	22,425	23,460	25,382	1,922	2,022
<b>Total Directorate Budgets</b>	<b>301,189</b>	<b>314,634</b>	<b>321,599</b>	<b>6,965</b>	<b>8,801</b>
<b>Council Wide Budgets</b>					
Capital Financing	7,052	6,958	2,259	(4,699)	(1,606)
Levies	9,635	9,645	9,569	(76)	(77)
Apprenticeship Levy	750	750	870	120	86
Council Tax Reduction Scheme	16,054	16,054	16,515	461	709
Insurance Premiums	1,363	1,363	1,153	(210)	(135)
Repairs & Maintenance	670	670	670	0	0
Pension Related Costs	430	430	471	41	0
Other Corporate Budgets	23,528	10,167	778	(9,389)	(981)
<b>Total Council Wide Budgets</b>	<b>59,482</b>	<b>46,037</b>	<b>32,285</b>	<b>(13,752)</b>	<b>(2,004)</b>
<b>Total</b>	<b>360,671</b>	<b>360,671</b>	<b>353,884</b>	<b>(6,787)</b>	<b>6,797</b>

3.1.2 The overall projected position at 31st December 2024 is a net under spend of £6.787 million comprising £6.965 million net over spend on directorates and a net under spend of £13.752 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 overall projected position has improved since the net projected over spend of £6.797 million reported at quarter 2. The main reasons for the improved projections are:-

- Welsh Government (WG) grant of £937,539 towards Teachers' pay award 2024-25 and £2,352,854 towards National Joint Council (NJC) pay pressures (3.1.13).
- Not needing to utilise the £1.558 million that was built into the Medium Term Financial Strategy (MTFS) 2024-28 towards emerging budget pressures and as a contingency against non-deliverability of budget reduction proposals (3.3.5).
- Council agreed a change in the Minimum Revenue Policy (MRP) on 23rd October 2024. The impact in the current year is a reduction in the MRP charge for supported borrowings from the quarter 2 forecast of £3.25 million to £0.98 million at quarter 3 – an improvement of £2.27 million (3.3.5).

3.1.4 The main financial pressures are in the service areas of Social Services and Wellbeing (SSWB), Additional Learning Needs, Home to School Transport (HtST), and Housing and Homelessness.

- 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. 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.
- 3.1.6 A 3 year sustainability plan to improve outcomes for Children and Family Services was approved by Council on 20th September 2023, funded through a recurrent revenue budget of £3.5 million. 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.
- 3.1.7 There continues to be pressures in learning disabilities and mental health 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 MTFS 2024-25 to 2027-28. Further actions for 2024-25 have been developed into a 3 year Plan for Sustainable Care and Support for Adults in Bridgend County Borough Council (BCBC) that was approved by Cabinet on 19th November 2024.
- 3.1.8 There is a projected over spend on Home to School Transport (HtST) of £571,000. 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 £572,000. 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 earlier in the financial year where an over spend of £1.277 million was projected at quarter 1, with the reduction due to in-year tenders issued with price caps for submission for providers, resulting in a significant cost saving for the service area.
- 3.1.9 The Council has seen a significant increase in the provision of temporary accommodation. At the end of 2019-20, the Council was providing temporary accommodation to 83 households. At the end of October 2024 this had increased to 248 households, representing a 199% increase over this period. The wider demand for social housing from those in housing need has also increased. At the end of 2019-20, there were 816 households registered on Bridgend's Common Housing Register. At the end of August 2024, this number had increased to 3,254 households. 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 £411,000 in this service area which has improved from the projected over spend of £654,000 reported at quarter 2. 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.

3.1.10 There continues to be an increase in demand for additional learning needs (ALN) support at schools resulting in a projected over spend of £1.325 million. The projected over spend is 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 340 in the Autumn term of 2024-25.

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

3.1.11 There have been a number of budget virements and technical adjustments between budgets since the Medium Term Financial Strategy (MTFS) was approved by Council in February 2024. The budget position is reported on the assumption that these virements will be approved.

3.1.12 The main virements and technical adjustments since quarter 2 are outlined below:

#### **Budget Virements**

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of Early Help Services budgets from Education, Early Years and Young People Directorate to Social Services and Wellbeing Directorate in line with the 3 year sustainability plan already approved by Council to improve outcomes for Children and Family Services in Bridgend.	£1,773,406
Transfer of funding from the Capital Financing budget to Communities Directorate to cover the cost of prudential borrowing for carriageway repairs and highways as agreed when the capital funding was approved.	£94,000

#### **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 3.1.14).	£2,193,730
Allocation of funding retained centrally in respect of National Joint Council (NJC) pay award for 2024-25 for school employees – confirmed in November 2024.	£1,636,320

<b>Service vired from / to</b>	<b>Amount</b>
Allocation of funding retained centrally in respect of National Joint Council (NJC) pay award for 2024-25 for directorate employees – confirmed in November 2023.	£3,772,901
Allocation of funding retained centrally in respect of teachers' pay award 2024-25 (covering September 2024 to March 2025).	£1,996,710

### **Pay/Price Inflation**

- 3.1.13 When the budget for 2024-25 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. The technical adjustments table above outlines the amounts released from these budgets during quarter 3, based upon confirmed pay awards and evidenced price inflationary uplifts.
- 3.1.14 The adjustments to pay budgets reflect agreement on pay claims for teachers' pay and National Joint Council employees, both of which were agreed in recent months. Welsh Government provided a grant of £937,539 towards the teachers' pay award 2024-25 and £2,352,854 towards NJC pay pressures that were not anticipated at budget setting. These grants have both positively impacted on the projections for other Council Wide budgets as set out in 3.3.5.
- 3.1.15 Price inflationary uplifts include £0.897 million for Home to School Transport contracts in line with the Consumer Price Index (CPI), a further £1.023 million energy uplift for school buildings and £0.132 million energy uplift for street lighting. The impact of the increase in the energy price cap in January will see a further assessment undertaken in quarter 4 to determine if additional energy uplifts are required before the end of the financial year.
- 3.1.16 Inflation rates decreased to a low point of 1.7% in September 2024 compared to 3.8% when the budget was set, although more recently increased to 2.6% in November 2024. In addition, energy prices reduced further than anticipated in 2024-25. Consequently, there is a projected under spend on the price inflation budget as set out in 3.3.5 due to a projected reduction in requirements to allocate price inflation to service areas in-year. There is ongoing uncertainty on energy cost increases in 2025-26 and the general trajectory of CPI, therefore it is likely that the provision set aside in the MTFS for 2025-26 will need to be supplemented by any funding not committed from the price inflation budget this financial year.
- 3.1.17 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 was expected to be provided by UK Government during 2024-25. In December 2024, WG confirmed a grant of £2.809 million for pre-16 teachers' pension contributions and post-16 pension funding of £0.270 million - £3.079 million in total. The actual cost to BCBC is £3.223 million. The shortfall resulted in the requirement to draw down £0.144 million from earmarked reserves. WG also confirmed £0.131 million for fire and rescue authority pension contributions.

## **Budget Reduction Proposals**

- 3.1.18 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.
- 3.1.19 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. However, it has become evident in recent months that the position going forward is likely to be even more challenging than this, with recurrent in-year over spends needing to be mitigated, along with pay and price pressures. Against that background it is essential that expenditure is kept within the overall approved budget as far as possible, and that longer term proposals continue to be developed so that the Council has as much flexibility as possible to meet the challenges which lie ahead. Likewise, any opportunities to reduce spend in-year will be taken to try and improve the year end position.
- 3.1.20 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	159	216
<b>TOTAL</b>	<b>415</b>	<b>199</b>	<b>216</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, £199,000 is likely to be achieved in 2024-25 leaving a shortfall of £216,000. 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 building has not been commercially let during 2024-25 however, the service anticipates the sale of the freehold in the final quarter which will enable the savings to be realised going into 2025-26.
- 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 £9.784 million has been achieved to date with an additional £1.820 million likely to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £1.441 million, or 11.05% 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	954	1,247	313
Schools	3,441	3,441	3,441	0
Social Services and Wellbeing	2,248	1,644	1,921	327
Communities	2,460	1,921	2,306	154
Chief Executive's	3,246	1,734	2,599	647
Corporate/Council Wide	90	90	90	0
<b>TOTAL</b>	<b>13,045</b>	<b>9,784</b>	<b>11,604</b>	<b>1,441</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 with the consultation process finalised during quarter 3. Savings will be achieved from 2025-26.
- EDFS19 – Communications and Relationships Team (£142,000). Saving will not be met in 2024-25 due to the overall increase in the number of pupils needing the service.
- 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 of £4.989 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.
- CEX2 – Chief Executive's Directorate vacancy management factor (£510,000). The projected shortfall of £111,000 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 £221,000 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 31st December 2024**

#### **Financial position at 31st December 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 £148.785 million. Current projections indicate an over spend of £1.422 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 Group	6,980	8,101	1,121	16.1%
Early Years and Young People Group	2,927	2,719	(208)	-7.1%
Home to School Transport	10,929	11,500	571	5.2%

#### **Schools' delegated budgets**

Total funding currently delegated to schools in 2024-25 is £118.611 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 had reduced to a projected deficit of £4.709 million. However, at quarter 3, it has increased to a projected deficit of £4.989 million. There are 38 primary schools, 6 secondary

schools and 1 special school (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 Group

- There is a projected net over spend of £1.121 million in Learner Support Group budgets which has decreased from the projected over spend of £1.392 million reported at quarter 2.
- 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 support for pupils with ALN in schools.
- There continues to be an increase in demand for ALN support at schools resulting in a projected over spend of £1.325 million, a decrease of £94,000 from the projected over spend of £1.419 million at quarter 2. 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 340 in the autumn term of 2024-25.
- The inter-authority recoupment budget over spent in 2023-24 by £627,000 due to an increase in demand for Bridgend pupils in out-of-county placements as there were insufficient spaces at Heronsbridge School 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 in the autumn term. The service is also projecting a one-off refund of £137,000 from an out-of-county placement, where a pupil's circumstances have changed. In addition, since quarter 2 the inter-authority recoupment income projections have improved by £100,000 due to the increased complexity of children being supported in Bridgend schools and, as a consequence, the inter-authority recoupment budget is currently projecting an under spend of £384,000 at quarter 3 compared to an under spend of £282,000 at quarter 2.
- There is a projected £200,000 over spend on the Adult Community Learning budget which is primarily due to the shortfall on the MTFs saving of £149,000 against the service. The shortfall is due to the timing of the finalised restructure which took place in November 2024.

#### Early Years and Young People Group

- The projected under spend of £208,000 has decreased from the £246,000 projected under spend reported in quarter 2 due to the filling of a core vacancy during quarter 3. The underlying projected under spend primarily relates to a restructure within the Education Welfare Service (£136,000), combined with staff vacancies being held across the Bridgend Youth Service and Education Engagement Team 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 increased fuel costs.
- While Council approved a £1.2 million budget pressure for 2024-25 as part of the MTFs 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 £572,000 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 pupils with ALN 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 £571,000 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 £109.390 million. As referenced in 3.1.12 this includes the £1.773 million Early Help and Edge of Care service budget which has transferred across from the EEYYP directorate during quarter 3 in line with the 3 year sustainability plan approved by Council to improve outcomes for Children and Family Services in Bridgend.

Current projections indicate an over spend of £2.796 million at year end compared to the quarter 2 projected over spend of £4.456 million. The detailed narrative below sets out the main service areas where projections have continued to improve, including Homecare services (learning disabilities, physical disabilities and sensory impairment), learning disabilities (direct payments), homes for older people, prevention and wellbeing, and children and families commissioning/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 2 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 (23) 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 have been developed into a 3 year Plan for Sustainable Care and Support for Adults in Bridgend County Borough Council that was approved by Cabinet on 19th November 2024 following consultation and engagement that took place over the summer period.

Since quarter 2, Welsh Government have awarded additional funding within Adult Social Care. Following a consultation exercise undertaken by WG, it has been decided to maintain the maximum charge at £100 per week for non-residential services. WG Ministers agreed to allocate £2.5 million funding for 2024-25 to Local Authorities to reflect that the charge will not be increasing at this time. It is estimated that BCBC will receive circa £100,000. Secondly, on 11th November WG launched the 50 Day Integrated Care Winter Challenge to improve hospital discharge procedures and to build community capacity in order to ease winter pressures on the NHS and social care systems. BCBC was allocated £428,425. Where the additional funding has impacted on the quarter 3 projections this is reflected in the narratives below.

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	72,730	73,479	749	1.03%
Prevention and Wellbeing	6,474	6,085	(389)	(6.01)%
Childrens Social Care	30,186	32,622	2,436	8.07%

## **Adult Social Care**

There is a net projected over spend of £0.749 million on the Adult Social Care budget, an improvement of £1.191 million from the £1.928 million over spend projected at quarter 2.

The most significant variances contributing to the projected over spend are:

<b>ADULT SOCIAL CARE</b>	<b>Projected Variance Over/(under) budget £'000</b>
Learning Disabilities Day Opportunities	659
Mental Health Homecare	579
Learning Disabilities Residential Care	454
Older People Direct Payments	294
Physical Disability/Sensory Equipment	237
Learning Disabilities Homecare	218
Older People Supported Accommodation	190
Physical Disability/Sensory Impairment Home Care	167
Physical Disability/Sensory Impairment Residential Care	109
Learning Disabilities Direct Payment	(58)
Assessment and Care Management	(69)
Mental Health Supported Accommodation	(196)
Homes for Older People	(524)
Older People Home Care	(852)

- Learning Disabilities Day Opportunities - the projected over spend of £659,000 has reduced by £19,000 since quarter 2. The projected over spend relates mainly to placement numbers exceeding the available budget for external day services (£512,000) in addition to increased transport costs (£162,000) which remain at a comparable level to quarter 2. 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. In addition a new transport policy went to Cabinet in July 2024 and went out for consultation between 6th August 2024 to 29th October 2024. The outcome of the public consultation is firstly being presented to Subject Overview and Scrutiny Committee 2 and subsequently to Cabinet.
- 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 £579,000 has decreased from the quarter 2 projected over spend of £679,000 due to a reduction of 3 placements.

- Learning Disabilities Residential Care – there is a projected over spend of £454,000 compared to £438,000 at quarter 2. 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. There has been an increase in 1 placement since quarter 2, from 39 to 40 at quarter 3.
- Older People Direct Payments – there is a projected over spend of £294,000 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 £75,000 since quarter 2 due to further packages being removed from projections where activity had ceased for longer than six months, along with increases in account reimbursements.
- Physical Disability/Sensory Equipment – there is a projected over spend of £237,000, a reduction of £29,000 from the quarter 2 projected over spend of £266,000. The projected over spend 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.
- Learning Disabilities Homecare – there is a projected over spend of £218,000, compared to £457,000 at quarter 2. While the projected over spend is mainly due to increases in staffing costs for the internal Homecare service, due to having to cover staff sickness, (£279,000 compared to £499,000 at quarter 2) this is partly offset by under spends in the external Homecare service (£61,000).
- Older People Supported Accommodation – there is a projected over spend of £190,000 compared to a projected over spend of £201,000 at quarter 2. This projected over spend is based on the current number of placements which have increased from 42 at quarter 2, to 43 at quarter 3.
- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £167,000, which has reduced from the £329,000 over spend at quarter 2. The over spend is based on the current demand for the service, which is 107 packages of support.
- Physical Disability/Sensory Impairment Residential care – there is a projected over spend of £109,000 at quarter 3 compared to a projected over spend of £26,000 at quarter 2. This is due to the transition of one high cost placement from Children’s Services from November 2024.
- Learning Disabilities Direct Payments – there is a projected under spend of £58,000 across the Direct Payments budgets in this area compared to a projected over spend of £110,000 at quarter 2. Detailed reviews are being undertaken of all direct payment cases, with packages being removed from projections where support has ceased for longer than six months. Account reimbursements have also exceeded budget.
- Assessment and Care Management – there is a projected under spend of £69,000 on directorate wide assessment and care management budgets, an increase from the quarter 2 projected under spend of £13,000. The reduction in projected spend is

primarily due an increase in joint financing income from Health in relation to the Caswell Clinic mental health unit (£73,000). There continues to be a need for agency cover across this area due to demands in the system particularly linked to supporting the acute hospital and timely discharges and the complexity of court protection work in learning disabilities. A plan to permanently recruit and step down agency in a timely way is being implemented.

- Mental Health Supported Accommodation – The projected under spend of £196,000 primarily relates to projected under spends on staffing budgets. The projected under spend has increased from the £164,000 reported at quarter 2 mainly due to staff vacancies being held for the short term.
- Homes for Older People – There is a projected under spend of £524,000 compared to a projected under spend of £252,000 at quarter 2. Since quarter 2 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.
- Older People Home Care – There is a projected under spend of £852,000, an increase from the quarter 2 projected under spend of £772,000. The projected under spend still primarily relates to projected under spends on staffing budgets as a result of the remodelling of the Support at Home services into locality based areas and the increase in numbers of people supported through short term reablement packages. Agency staff have been utilised to supplement the workforce where available, and there is positive working with the Employability Service to support people into careers in care. Since quarter 2 there has also been an increase in projected client contributions of £45,000 for the internal Homecare service, plus additional grant income of around £100,000 has been awarded from WG following the consultation outcome not to increase the non-residential maximum charge of £100 per week. 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 £389,000 compared to a projected under spend of £293,000 at quarter 2. This is mainly due to maximisation of grant funding from the Shared Prosperity Fund (£465,000) and other smaller grants across the service (£80,000).
- 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. While the saving is only partly achieved the shortfall is being mitigated with Shared Prosperity funding so that the saving is met in the short term.



## Children's Social Care

There is a projected net over spend of £2.436 million on the Children's Social Care budget compared with the projected net over spend of £2.821 million at quarter 2. The most significant variances contributing to this over spend are:-

<b>CHILDREN'S SOCIAL CARE</b>	<b>Projected Variance Over/(under) 2024-25 – qtr 3 £'000</b>
Care Experienced Children	4,092
Management and Admin	(178)
Early Help & Edge of Care	(266)
Other Child & Family Support Services	(534)
Commissioning and Social Work	(678)

- The projected over spend of £4.092 million for Care Experienced Children has increased from the £2.953 million reported at quarter 2. It is due to a combination of factors:-
  - The Independent Residential Care budget has a projected over spend of £3.695 million which has increased by £222,000 since quarter 2. This is based on the number of care experienced children in independent residential placements which is currently 23 placements – an increase of 3 since quarter 2. The underlying over spend position is due to the number in independent residential placements (23) 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 £135,225 on the Independent Fostering Agency (IFA) budget based on 33 current placements (35 placements at quarter 2). 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 IFAs which means that some children's needs are being met in a higher, more expensive, tier of service.
  - Children's Internal Residential Care is projecting an over spend of £188,000 which is an increase of £214,000 since quarter 2. This is due to increased usage of agency workers to cover vacancies across the service.
  - At quarter 2 a WG Eliminating Profit grant of £663,000 was contributing towards reducing the Children Looked After over spend. This grant is now being used to purchase specialist support to help support children at home rather than becoming looked after.
- Management & Administration – there is a projected under spend of £178,000 which has increased from the projected under spend of £105,000 at quarter 2. The service area has benefited from £56,000 of SPF funding since 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.

- Early Help & Edge of Care – During quarter 3, £1.773 million of Early Help Services budget were transferred from EEYYP to the SSWB directorate in line with the 3 year sustainability plan approved by Council to improve outcomes for Children and Family Services in Bridgend. £500,000 of this budget related to a budget pressure approved by Council in February 2024 to strengthen the Council's statutory safeguarding accountabilities, specifically for Early Help and Edge of Care. There is a projected under spend of £266,000 against this budget pressure at quarter 3 as a review of the service is currently underway.
- Other Child & Family Support Services – There is a projected under spend of £534,000 which is due to reduced costs for the Regional Adoption service based on current projections for placements made across the region as at the end of November. This will be closely monitored for the remainder of the year and could be subject to change depending on the number of placements made by the end of March 2025.
- Commissioning and Social Work – There is a projected under spend of £678,280 which has significantly improved since the quarter 2 projected under spend of £72,000. The improvement is firstly due to additional Shared Prosperity funding being agreed since quarter 2 (£165,000). In addition there has been further reductions in staffing costs due to the current vacancies across the service (£212,000) and a reduction in agency costs due to successful recruitments (£213,000) in this budget area.  
There remains a projected over spend in care and support and placement costs across the service area (£337,773), 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 (£1 million in 2023-24 and an additional £2 million approved by Council for 2024-25) to address the recommended levels of workforce 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.

### 3.3.3 Communities Directorate

The net budget for the Directorate for 2024-25 is £32.999 million. The current projection is an anticipated over spend of £825,000. 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	184	684	500	271.74%
Development Control	(140)	(214)	(74)	53.17%
Waste Collection & Disposal	11,181	11,397	216	1.93%
Highways Services (DSO)	3,366	3,236	(130)	-3.86%
Corporate Landlord	3,210	3,462	252	7.85%

#### Fleet Services

- There is a projected over spend of £500,000 at quarter 3 on Fleet services which has worsened from the £460,000 projected at quarter 2, and is also now higher than 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 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 first half of the 2025-26 financial year.

#### Development Control

- The projected under spend in Development Control of £74,000 has improved from the projected over spend at quarter 2 of £72,000. This is primarily due to increased income from Planning Performance Agreements with developers as part of a system of cost recovery in dealing with mainly major development proposals. Fee income is subject to considerable fluctuations between years, depending on number and of types of applications.

#### Waste Collection and Disposal

- There is a net projected over spend on the Waste Disposal and Collection budget of £216,000. 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 (£60,000). 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.

- Decrease in income due to the reduction in the price of recycled materials since quarter 2 (£42,000).
- Shortfall of £113,000 on Trade Waste black bag income due to increased recycling being undertaken by businesses due to the change in law in Wales in April 2024 for all businesses, charities and public organisations to sort their waste for recycling.

#### 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 £252,000 at quarter 3, a small reduction from the £278,000 over spend projected at quarter 2.
- There continues to be 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 £128,000 for the Innovation Centre and a strategy is being developed to reduce this income shortfall in the longer term.
- 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, there is a further £73,000 MTFS saving across the estate budgets for 2024-25 in relation to office rationalisation which has also not been achieved. The shortfall against the savings targets adds a further £243,000 pressure on the Corporate Landlord estates' budget.
- Corporate Landlord are anticipating the sale of the Freehold of Ravens Court in the final quarter of 2024-25 which will mitigate these MTFS shortfalls going into 2025-26.
- 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 £23.460 million. Current projections anticipate an over spend against this budget of £1.922 million. This is a reduction of £100,000 from the quarter 2 projected over spend of £2.022 million. The main variances are:

<b>CHIEF EXECUTIVE'S</b>	<b>Net Budget</b>	<b>Projected outturn</b>	<b>Actual Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Housing & Homelessness	3,551	3,962	411	11.6%
Legal, Democratic & Regulatory	5,847	6,464	617	10.6%
ICT	3,956	4,248	292	7.4%
Finance	4,076	4,327	251	6.2%

#### Housing & Homelessness

- There is a projected net over spend of £411,000 on Housing & Homelessness which is a reduction of £243,000 compared with the projected over spend of £654,000 reported at quarter 2.
- 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 3 is £4.4 million, a reduction of £100,000 since the £4.5 million projected at quarter 2. 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 £790,000.
- The Council has seen a significant increase in the provision of temporary accommodation. At the end of 2019-20, the Council was providing temporary accommodation to 83 households. At the end of October 2024 this had increased to 248 households, representing a 199% increase over this period. The wider demand for social housing from those in housing need has also increased. At the end of 2019-20 there were 816 households registered on Bridgend's Common

Housing Register. At the end of August 2024 this number had increased to 3,254 households.

- 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 projected over spend of £790,000 on accommodation is offset by projected under spends on the Brynmenyn Homeless Centre (£254,000) 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 £617,000 across Legal, Democratic and Regulatory services, which is comparable to the quarter 2 projected over spend of £612,000.
- There is a projected over spend on staffing budgets within Legal services of £68,000, 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 £142,000 which has reduced since the quarter 2 projected over spend of £165,000. This projected over spend is primarily due to the projected under recoupment of income for taxi examination and licence fees (£61,000). 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 £222,000 (£181,000 projected over spend at quarter 2).

#### ICT

- There is a projected net over spend of £292,000 across ICT budgets which has reduced by £41,000 since quarter 2. The projected over spend is primarily due to the shortfall of £221,000 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 4. Further updates will be provided to Cabinet in future revenue monitoring reports as this review is implemented.

#### Finance

- There is a projected net over spend of £251,000 across Finance, an increase of £72,000 since quarter 2. The projected over spend is primarily due to a projected shortfall of £158,000 on Department for Work and Pension (DWP) subsidy contributions towards housing benefit payments 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 (£52,000).

### 3.3.5 Council Wide budgets

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The net budget for 2024-25 is £46.037 million. Current projections anticipate an under spend against this budget of £13.752 million, an improvement of £11.748 million from the £2.004 million under spend projected at quarter 2. 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	6,958	2,259	(4,699)	-67.5%
Council Tax Reduction Scheme	16,054	16,515	461	2.87%
Other Corporate Budgets	10,167	778	(9,389)	-92.35%

#### Capital Financing

- The projected under spend of £4.699 million has improved from the £1.606 million projected under spend at quarter 2.
- £2.405 million of the projected under spend mainly relates to additional interest anticipated from current investments due to the previous increases in interest rates in 2023-24 which were held through to July 2024, before reducing over the ensuing months to the current 4.75% rate agreed in November 2024. It is anticipated that there will be further interest rate reductions, however the timing of these are uncertain and are subject to economic factors and in particular the position of inflation against the Bank of England's 2% target.
- Council agreed a change in the Minimum Revenue Policy on 23rd October 2024, to move the methodology for setting aside revenue resources for the repayment of debt (known as Minimum Revenue Provision – MRP) from a straight line basis to an annuity basis. An annuity basis will result in lower MRP in earlier years with an increasing MRP charge over time. The impact in the current year is a reduction in the MRP charge for supported borrowings from the quarter 2 forecast of £3.25 million to £0.98 million at quarter 3 – an improvement of £2.27 million.

#### Council Tax Reduction Scheme

- There is currently a projected over spend of £461,000 on the Council Tax Reduction Scheme which has reduced from the £709,000 projected over spend at quarter 2. 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

- The projected under spend of £9.389 million has improved from the £0.981 million projected under spend at quarter 2. The main areas contributing to this projected under spend are:-
- As referred to in paragraph 3.1.14, during quarter 3 Welsh Government provided a grant of £937,539 towards teachers' pay award 2024-25 and £2,352,854 toward NJC pay pressures that were not anticipated at budget setting. This has positively

impacted on the projections for other Corporate budgets by £3.290 million since quarter 2.

- In addition, even a variance of 1% on the pay settlement for NJC staff can result in a swing of required funding of over £1 million per annum.
- Inflation rates decreased to a low point of 1.7% in September 2024 compared to 3.8% when the budget was set, although more recently increased to 2.3% in October 2024. In addition, energy prices reduced further than anticipated in 2024-25. Consequently there is a projected under spend on the price inflation budget due to a projected reduction in requirements to allocate price inflation to service areas in-year.. There is ongoing uncertainty on energy cost increases in 2025-26 and the general trajectory of CPI, therefore it is likely that the provision set aside in the MTFS for 2025-26 will need to be supplemented by any funding not committed from the price inflation budget this financial year.
- As part of the MTFS 2024-28, £1.558 million was set aside towards emerging budget pressures and as a contingency against non-deliverability of budget reduction proposals. Only £87k has been allocated during 2024-25, resulting in a projected under spend of £1.543 million which is proposed to be included in the draft MTFS proposals for 2025-26.

### **3.4 Earmarked Reserves**

- 3.4.1 The cumulative revenue draw down by directorates is £2.855 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 £7.394 million from school balances is currently projected, which would leave a negative balance to be temporarily covered by the Council.
- 3.4.2 A thorough review of earmarked reserves has been 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 also includes identifying earmarked reserves that can be unwound in order to fund emerging risks for the Council as a whole in 2024-25 onwards. Table 4 below shows that the review resulted in £2.490 million of earmarked reserves being unwound, and new earmarked reserves established to support one-off costs, for example, to bring the waste service in-house from 2026-27 as agreed by Cabinet in November 2024, implementation costs for the new replacement WCCIS system (health/social care information system), and to use towards implementation of the WG Eliminating Profit Strategies from Children's commissioned services.



**Table 4 – Usable Revenue Earmarked Reserves (Excluding Council Fund) – Quarter 3**

Opening Balance 01 Apr 24	Reserve	Net Additions/ Reclassification	Draw- down	Unwound	Closing Balance 31 Dec 24
£'000		£'000	£'000	£'000	£'000
	<b>Corporate Reserves:</b>				
2,772	Asset Management Reserves	(30)	(401)	(88)	2,253
1,330	Major Claims & Insurance Reserves	-	(145)	(355)	830
1,892	Service Reconfiguration	-	-	-	1,892
1,794	Change Management/Digital Transformation	(538)	(253)	(85)	918
500	Economic and Future Resilience Fund	-	-	-	500
2,406	Other Corporate Reserves	-	-	(227)	2,179
<b>10,694</b>	<b>Total Corporate Reserves</b>	<b>(568)</b>	<b>(799)</b>	<b>(85)</b>	<b>8,572</b>
	<b>Directorate Reserves:</b>				
811	Education & Family Support	246	(519)	-	538
2,676	Social Services & Wellbeing	1,670	(926)	(1,194)	2,226
1,442	Communities	-	(14)	(79)	2,069
1,740	Chief Executives	796	(509)	(274)	1,753
<b>6,669</b>	<b>Total Directorate Reserves</b>	<b>3,432</b>	<b>(1,968)</b>	<b>(1,547)</b>	<b>6,586</b>
	<b>Equalisation &amp; Grant Reserves:</b>				
1,278	Education & Family Support	(916)	-	-	362
90	Social Services & Wellbeing	-	-	-	90
2,359	Communities	5	(65)	(88)	2,211
279	Chief Executives	-	(23)	(100)	156
<b>4,006</b>	<b>Equalisation &amp; Grant Reserves:</b>	<b>(911)</b>	<b>(88)</b>	<b>-</b>	<b>2,819</b>
2,405	School Balances	-	-	-	2,405
<b>23,774</b>	<b>TOTAL RESERVES</b>	<b>1,953</b>	<b>(2,855)</b>	<b>(2,490)</b>	<b>20,382</b>

3.4.3 In addition to the usable revenue reserves in Table 4, there are currently £40.763 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 The Committee is recommended to consider the report upon the projected year end revenue position for 2024-25.

**Background documents:** Individual Directorate Monitoring Reports