

Meeting of:	CABINET
Date of Meeting:	22 JULY 2025
Report Title:	BUDGET MONITORING 2025-26 – QUARTER 1 REVENUE FORECAST
Report Owner/ Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	JOANNE NORMAN GROUP MANAGER – BUDGET MANAGEMENT
Policy Framework and Procedure Rules:	As required by section 3 (budgetary control) of the Financial Procedure Rules; Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.
Executive Summary:	• The net revenue budget for 2025-26 is £383.226 million. The overall projected position at 30th June 2025 is a net over spend of £898,000. • The projected over spend is primarily due to ongoing pressures within the Social Services and Wellbeing Directorate, and the Chief Executive’s Directorate. • Two significant grants have not yet been confirmed for the Social Services and Wellbeing Directorate and therefore have not been built into the quarter 1 projections – Social Care Workforce grant and Eliminating Profit (£2.006 million and £1.539 million received respectively in 2024-25). • The budget approved for 2025-26 included budget reduction proposals totalling £8.379 million. The current position is a projected shortfall on the savings target of £907,000, or 10.82% of the overall reduction target.

1. Purpose of Report

- 1.1 The purpose of this report is to provide Cabinet with an update on the Council’s revenue financial position as at 30th June 2025.

2. Background

- 2.1 On 26th February 2025, Council approved a net revenue budget of £383.338 million for 2025-26 based on the provisional local government settlement announced by Welsh Government on 11th December 2024. The Welsh Government announced its final settlement on the 20th February 2025. The Final Local Government Settlement for Bridgend was £112,234 less than provided in the Provisional Settlement mainly due to data changes in the Non-Housing Revenue Account (HRA) element of Welsh Government's funding formula. This decreased the net revenue budget for 2025-26 to £383.226 million. The updated revenue budget was outlined in a report to Council on 12th March, where it was also confirmed that no changes were made to the levels of council tax, or budget pressures and reductions approved by Council on 26th February 2025.
- 2.2 As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

3. Current situation / proposal

3.1 Summary financial position at 30th June 2025

- 3.1.1 The Council's net revenue budget and projected outturn for 2025-26 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th June 2025

Directorate/Budget Area	Original Budget 2025-26 £'000	Revised Budget 2025-26 £'000	Projected Outturn Q1 2025-26 £'000	Projected Over / (Under) Spend 2025-26 £'000	Projected Over / (Under) Spend Qtr 1 2024-25 £'000
Directorate					
Education, Early Years and Young People	154,862	155,153	154,581	(572)	1,961
Social Services and Wellbeing	115,909	117,639	118,265	626	6,080
Communities	33,754	33,862	33,677	(185)	750
Chief Executive's	24,815	24,838	25,696	858	2,350
Total Directorate Budgets	329,340	331,492	332,219	727	11,141
Council Wide Budgets					
Capital Financing	5,958	5,907	5,820	(87)	(1,604)
Levies	10,209	10,209	10,209	0	(80)
Apprenticeship Levy	750	750	842	92	90
Council Tax Reduction Scheme	17,054	17,054	17,275	221	861
Insurance Premiums	1,363	1,363	1,363	0	(146)
Repairs & Maintenance	670	670	670	0	0
Pension Related Costs	430	430	430	0	0
Other Council Wide Budgets	17,452	15,351	15,296	(55)	(1,050)
Total Council Wide Budgets	53,886	51,734	51,905	171	(1,929)
Total	383,226	383,226	384,124	898	9,212

- 3.1.2 The overall projected position at 30th June 2025 is a net over spend of £898,000 comprising £727,000 net over spend on directorates and a net over spend of £171,000 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 currently in the Social Services and Wellbeing (SSWB) and Chief Executive's Directorate.
- 3.1.4 For the Social Services and Wellbeing Directorate (SSWB), there are two significant grants that have not yet been confirmed and therefore have not been built into the quarter 1 projections – Social Care Workforce grant and Eliminating Profit (£2.006 million and £1.539 million received respectively in 2024-25). Updates will be provided in the quarter 2 monitoring report where projections should improve once we have notification of these grants.
- 3.1.5 Council approved budget pressures of £8.800 million for the SSWB Directorate in February 2025 as part of the Medium Term Financial Strategy.
- 3.1.6 As noted in the revenue outturn report, reported to Cabinet in June 2025, there continues to be pressures in learning disabilities and physical disability/sensory impairment services driven by the complexity of need and demand across these services. The Social Services Improvement Board is overseeing a number of actions to address these pressures.
- 3.1.7 The projected net over spend for the Chief Executive's directorate is mainly due to delays in implementing Medium Term Financial Strategy budget reduction proposals. There is a projected shortfall of £220,000 on prior year budget reductions along with an £82,000 shortfall on current year budget reduction proposals. The Directorate is also projecting shortfalls against core income budgets.
- 3.1.8 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 2025-26 financial year as more people have suffered financial hardship due to the cost of living crisis, or whether additional income will be collected from council tax premiums on empty properties and second homes. A 1% reduction in the council tax income collection rate could result in an additional pressure to the Council of around £1 million. Council tax collection rates will be monitored continuously throughout the year and reported accordingly.

Budget virements/technical adjustments

- 3.1.9 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 2025. The budget position is reported on the assumption that these virements will be approved.
- 3.1.10 The main virements and technical adjustments are outlined below:

Budget Virements

Service vired from / to	Amount
Transfer of part of budget pressure approved by Council in February 2022 (CEX 2 – Phase 2 Business Support Review) from Chief Executive Directorate to Education, Early Years and Young People Directorate to reflect line management responsibilities	£100,905
Transfer of funding from the Capital Financing budget to Directorate budgets in relation to the change in Minimum Revenue Provision Policy as approved by Council on 23 October 2024	£50,904

Technical Adjustments

Service vired from / to	Amount
Transfer of National Insurance (NI) uplifts to Homes for Older People budgets from funding held centrally for NI increases for commissioned services..	£985,022
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 3.1.11).	£892,151
Transfer of funding from the Education, Early Years and Young People Directorate to Schools Delegated Budgets in relation to the establishment of a Primary School Autism Spectrum Disorder (ASD) base.	£219,420
Transfer of Real Living Wage (RLW) uplifts to Directorate budgets and schools following the change in Council pay scales in April 2025 to reflect the RLW increase.	£166,271
Allocation of funding retained centrally in respect of Soulbury pay award that was confirmed September 2024 (full year effect adjustment in 2025-26).	£23,410
Allocation of funding retained centrally in respect of the financial implications of the Independent Remuneration Panel for Wales Annual Report	£69,938

Pay/Price Inflation

- 3.1.11 When the budget was set, very little funding was allocated to directorates for pay and price inflation, as most had not been determined for the forthcoming year. The majority of the provision has been retained centrally within Council wide budgets, to be allocated as further information is known about specific contractual price increases. Amounts released during quarter 1 are shown in 3.1.10 and include £0.366 million energy uplift for leisure services buildings and £0.373 million increase to Homes for Older People budgets in line with the Consumer Price Index (CPI) increase.
- 3.1.12 There are ongoing discussions regarding pay claims for Teachers' pay from September 2025 onwards and National Joint Council (NJC) workers for 2025-26. The total salary bill for the Council is around £230 million so every 1% average increase in pay costs the Council an additional £2.3 million.

3.1.13 Members may recall from the Medium Term Financial Strategy 2025-2029 that the UK government increased the rate of employers' national insurance contributions from 13.8% to 15% from April 2025 and reduced the threshold on which this would apply to workers' earnings, from £9,100 to £5,000. Welsh Government stated in their Draft Budget that the UK Government has confirmed that devolved governments would be provided with additional funding to cover these costs for Council workers only and not those in commissioned services. In May 2025 Welsh Government announced that they would be providing additional funding on top of that received from UK government, but it would still only cover about 85% of increased costs for Welsh public services. We are still awaiting confirmation of the funding, but anticipate this will be known shortly. An update on the level of funding received will be reported in the quarter 2 revenue monitoring report. Future monitoring reports will also report on the sufficiency of the provision set aside in the 2025-26 budget to meet the costs of National Insurance increases for commissioned providers.

3.1.14 Inflation rates have increased from 2.8% when the budget was set up to 3.4% in May 2025. 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

3.1.15 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 £8.379 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 holding additional vacancies, or bringing forward alternative budget reduction proposals.

3.1.16 In February 2025 Council approved the Medium Term Financial Strategy for 2025-26 to 2028-29. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £39.516 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.

3.1.17 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 2025-26. 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 The Revenue Budget Outturn report was presented to Cabinet on 24th June 2025. In the report it was highlighted that there were £415,000 of prior year budget reduction proposals that were not met in full, with a total outstanding balance to be met of £290,000. In addition, of the 2024-25 budget reduction proposals of £13.045 million, it was reported that there was a total outstanding balance to be met of £1.569 million. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2025-26 financial year, and to identify mitigating actions that will be undertaken to achieve them. All remaining outstanding prior year budget reductions are summarised in **Appendix 1** with a summary per directorate provided in Table 2.

Table 2 – Outstanding Prior Year Budget Reductions

	Total Budget Reductions Required	Total Budget Reductions Likely to be Achieved	Shortfall
DIRECTORATE /BUDGET REDUCTION AREA	£'000	£'000	£'000
Education, Early Years and Young People	291	177	114
Social Services and Wellbeing	501	501	0
Communities	464	362	102
Chief Executives	1,567	1,347	220
TOTAL	2,823	2,387	436

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 £2.823 million outstanding reductions, £2.387 million is likely to be achieved in 2025-26 leaving a shortfall of £436,000. Proposals still not likely to be achieved include:
- EDFs19 – Communication and Relationships Team (£114,000 shortfall). A review of the CART service is due to take place with schools during July 2025 and outcomes from this will also be considered as part of the future plans for the service.
 - COM 2 2021-22 – Re-location of Community Recycling Centre from Tythegston to Pyle (£45,000 shortfall). The new site in Pyle opened in quarter 4 of 2023-24. Once the exit terms of the lease in Tythegston have been finalised the full saving will be made.
 - COM2 2023-24 – Charging Blue Badge Holders for parking (£40,000 shortfall). A staff member commenced work on this proposal in 2024-25 and it is currently at consultation stage. It requires a full order making process which is typically 6-9 months.

- CEX22 – Review of ICT Services (£87,000 shortfall). Saving was not met in full due to the timing of the re-procurement exercise on telephony budgets across the Council.
- CEX25 – Staff savings from Finance senior management team – (£70,000 shortfall). Shortfall in savings target due to failure to implement the proposed Finance Senior Management restructure. The service is now considering alternative budget saving proposals.

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 is in place to offset shortfalls on specific budget reduction proposals on a one-off basis where circumstances to achieving them are outside of the directorate’s control. During the financial year, the Section 151 Officer will consider applications from Directorates to the MTFS Budget Reduction Contingency reserve to mitigate some of the shortfalls.

Budget Reductions 2025-26

3.2.4 The budget approved for 2025-26 included budget reduction proposals totalling £8.379 million, which is broken down in **Appendix 2** and summarised in Table 3 below. The current position is that £5.104 million has been achieved to date with an additional £2.368 million to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £907,000, or 10.82% of the overall reduction target.

Table 3 – Monitoring of Budget Reductions 2025-26

	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	1,428	263	981	447
Schools	1,186	1,186	1,186	0
Social Services and Wellbeing	1,817	355	1,617	200
Communities	717	401	539	178
Chief Executive's	688	376	606	82
Corporate/Council Wide	2,543	2,543	2,543	0
TOTAL	8,379	5,104	7,472	907

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

- EEYYP5 – Reduction in Strategy, Performance and Support Group (£110,000 shortfall). The outcome of the consultation process is unlikely to be finalised until quarter 3 of 2025-26. Saving will be made in full in 2026-27.

- SCH1 – Efficiency saving against School Delegated Budgets – 1% in 2025-26 (£1.186 million). Whilst the saving is referenced as having been achieved due to the overall reduction in the Individual Schools Budget (ISB), a referenced in 3.3.1, the reduced budgets have resulted in total projected deficit balances for schools at year end of £5.206 million. Officers are working with schools to bring this overall deficit down.
- SSW8 – Reduction in provision of number of Supported Living Accommodation units (£190,000 shortfall). The service area is actively seeking means to achieve this budget reduction proposal. Updates will be provided in future revenue monitoring reports. .

3.2.6 **Appendix 2** identifies the projected amount of saving against these proposals in detail and action to be taken by the directorate to mitigate the shortfall. Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the forecast outturn for the year. During the financial year the Section 151 Officer will also consider applications from directorates to the MTFS Budget Reduction Contingency reserve to mitigate some of the shortfalls.

3.2.7 In the longer term, these proposals must be realised or must be met through alternative budget reduction proposals in order to deliver a balanced budget position.

3.3 Commentary on the financial position at 30th June 2025

Financial position at 30th June 2025

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 2025-26 is £155.153 million. Current projections indicate an under spend of £572,000 at year end. The main variances are:

EDUCATION, EARLY YEARS AND YOUNG PEOPLE DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Inclusion Group	8,754	8,409	(345)	-3.9%
EEYYP Support Unit (EDSU)	527	687	159	30.3%
Home to School Transport	10,743	10,844	101	0.9%
Catering Services	1,750	1,231	(518)	-29.6%

Schools' delegated budgets

Total funding delegated to schools in 2025-26 is £123.501 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'. The Financial Scheme for Schools requires schools to obtain permission from both the Corporate Director – Education, Early Years and Young People and the Section 151 Officer to set a deficit budget. Schools with deficits of greater than £50,000 in a primary school or greater than £150,000 in a secondary or special school are requested to attend termly support and challenge meetings with senior Local Authority officers. In addition, any unplanned deficits that occur within the financial year due to unforeseen circumstances must be reported as soon as they become known to the school.

Total school balances decreased by £3.023 million during 2024-25 to a negative balance of £619,000 at the end of the financial year. At the start of 2025-26, projections indicated an overall deficit balance for school delegated budgets of £5.206 million at year end. There are 33 primary schools, 6 secondary schools and 2 special schools (69.5% of all schools) projecting a deficit balance at year end.

Central Education, Early Years and Young People Directorate budgets

Inclusion Group

- There is a projected net under spend of £345,000 across Inclusion Group budgets.
- Council approved a £1.330 million budget pressure for 2025-26 to mitigate the increased demand for additional learning needs (ALN) support in schools experienced in 2024-25.
- There continues to be significant demand for ALN support at schools, however there is a small projected under spend of £78,000. The demand is high in particular for pupils requiring neurodevelopmental, behavioural, communication and complex medical support. The number of pupils supported in the spring term was 246, increasing to 266 in the summer term.
- The main reason for the remaining projected under spend is current staff vacancies held across Inclusion Group budgets (£222,000) with projections assuming posts will be filled from September 2025.

Education, Early Years and Young People Directorate Support Unit (EDSU)

- There is a projected over spend of £159,000 on EDSU budgets. This primarily relates to delays in implementing MTFs proposals requiring restructures which will be finalised later in 2025-26 including EEYYP5 – Strategy, Performance and Support Group – shortfall of £72,000, EEYYP6 – Pupil Services – shortfall of £26,000 and EEYYP8 – Business Support – shortfall of £70,000.

Home-to-school transport (HtST)

- There is a projected over spend of £101,000 on the HtST budget at quarter 1.
- The revenue outturn report for 2024-25 highlighted a £80,000 under spend on the HtST budget. This was primarily as a result of one-off funding of £540,000 being allocated in quarter 4 from the Welsh Government cost pressures grant.

- Council approved a £539,00 budget pressure for 2025-26 as part of the MTFS to contribute to the underlying increased costs of the service.
- The budget will require close monitoring through the remainder of 2025-26, especially given the significant MTFS budget reduction proposal in this service area that is currently projected to be met in full – EEYYP 2 – review of HtST (£675,000).

Catering Services

- Catering Services is projecting an under spend of £518,000 compared with the under spend of £661,000 in 2024-25.
- The projected under spend continues to be based on the full implementation of the Universal Primary Free School Meals (UPFMS) by Welsh Government and the accompanying grant funding to support the initiative.
- The provision of UPFSM in 2025-26 will continue to be monitored closely to determine whether the positive projections are sustainable and whether Catering Services can contribute to future MTFS budget reduction proposals for the EEYYP Directorate.
- The projected under spend is slightly lower than 2024-25 due to the delay in the implementation of MTFS budget reduction EEYYP1 – Cessation of the meals at home service which is currently reporting a shortfall of £42,000.

3.3.2 Social Services and Wellbeing Directorate

The Directorate's net budget for 2025-26 is £117.639 million. Current projections indicate an over spend of £626,000 at year end. There are, however, two significant grants that have not yet been confirmed and therefore have not been built into the quarter 1 projections – Social Care Workforce grant (£2.006 million received in 2024-25) and Eliminating Profit (£1.539 million received in 2024-25). Updates will be provided in the quarter 2 monitoring where projections should improve once we know these grant allocations.

Council approved budget pressures of £8.800 million for the SSWB Directorate in February 2025 as part of the Medium Term Financial Strategy. The funded pressures include £3.250 million to mitigate the ongoing pressures of Care Experienced Children and insufficient numbers of foster carers, £2.020 million for the implications of Real Living Wage (RLW) uplifts on commissioned contracts, £1.282 million for learning disabilities services, £679,000 for mental health services and £540,000 for Physical Disability/Sensory Impairment services.

As noted in the revenue outturn report, there continues to be pressures in learning disabilities and physical disability/sensory impairment services driven by the complexity of need and demand across these services. The Social Services Improvement Board is overseeing a number of actions to address the pressure in the adult services budget, including accelerating the work to transform learning disabilities. Further actions have been developed into a 3 year Plan for Sustainable Care and Support for Adults in BCBC that was approved by Cabinet on 19th November 2024. This plan sits alongside the 3 year strategic plan for children and family services which was approved by Cabinet in September 2023.

The most significant variances for the directorate are :

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Adult Social Care	78,051	77,527	(524)	-0.7%
Prevention and Wellbeing	6,228	6,187	(41)	-0.7%
Childrens Social Care	33,360	34,551	1,191	3.6%

Adult Social Care

There is a projected net under spend of £524,000 on the Adult Social Care budget.

The most significant variances contributing to the under spend are:

ADULT SOCIAL CARE	Projected Variance
	Over/(under) budget £'000
Physical Disability/Sensory Impairment Home Care	397
Learning Disabilities Residential Care	361
Physical Disability/Sensory Impairment Residential Care	106
Older People Direct Payments	(161)
Learning Disabilities Homecare	(195)
Mental Health Residential Care	(218)
Learning Disabilities Direct Payment	(241)
Mental Health Supported Accommodation	(242)
Homes for Older People	(441)

- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £397,000, which is based on the current demand for the service which is 101 packages of support. The overspend is mainly due to increased costs for existing placements, due to changing needs. Council approved £274,000 budget growth for this area for 2025-26. No grant has been confirmed for the service yet whereas last financial year £152,000 Social Care Workforce (SCW) grant was received.
- Learning Disabilities Residential Care – there is a projected over spend of £361,000 as there continues to be increased costs for existing placements within the residential and nursing service due to changing needs. Whilst a budget pressure of £438,000 was approved by Council for this service area, no grant funding has been confirmed for the service yet whereas in 2024-25 £599,000 Social Care Workforce (SCW) grant was allocated.

- Physical Disability/Sensory Impairment Residential Care – there is a projected over spend of £106,000 which is comparable to the £100,000 over spend in 2024-25. The projected over spend is due to higher placement numbers than budget
- Older People Direct Payments – there is a projected under spend of £161,000 across the Direct Payments budgets in this area compared to a £193,000 over spend in 2024-25. The projected under spend reflects the current demand level of 114 packages of support. This budget area received budget growth of £369,000 in 2025-26 to support the increased costs linked to increasing complexity of cases.
- Learning Disabilities Homecare – there is a projected under spend of £195,000 compared to an over spend of £172,000 in 2024-25. The service area has benefited from £325,000 budget growth in 2025-26. The budget will continue to be closely monitored as there is currently a projected over spend on internal homecare due to increases staffing costs due to having to cover staff sickness which is currently being offset by projected under spends in the external Homecare service.
- Mental Health Residential Care – there is a projected under spend of £218,000 compared to an under spend of £15,000 in 2024-25. This is due to a reduction in the number of placements which has decreased to 46 compared with 54 in 2024-25.
- Learning Disabilities Direct Payments – there is a projected under spend of £241,000 across the Direct Payments budgets in this area compared to an under spend of £364,000 in 2024-25. This is based on the current demand for packages of support of 143.
- Mental Health Supported Accommodation – there is a projected under spend of £242,000 compared to an under spend of £193,000 in 2024-25. This is as a result of staffing vacancies with the service.
- Homes for Older People – there is a projected under spend of £441,000 compared to an over spend of £72,000 in 2024-25. This is primarily due to projected under spends on staffing within BCBC homes (£208,000).

Children's Social Care

There is a projected net over spend of £1.191 million on the Children's Social Care budget. The most significant variances contributing to this over spend are:-

CHILDREN'S SOCIAL CARE	Projected Variance Over/(under) budget £'000
Care Experienced Children	1,266
Commissioning & Social Work	115
Early Help & Edge of Care	(187)

- The over spend of £1.266 million for Care Experienced Children has reduced from the £3.699 million reported in the outturn report for 2024-25. This is mainly due to the £3.250 million budget pressure approved by Council for 2025-26. The underlying over spend is due to a combination of factors:-
 - The Independent Residential Care budget has a projected over spend of £946,000 (2024-25 - £3.326 million). This is based on 26 care experienced children currently in independent residential placements compared with 24 at the end of 2024-25. In addition, there continues to be insufficient foster carer placements to meet needs and children requiring specialist provision, sometimes with high staffing ratios to keep them safe and protected. It should be noted that this budget area can be volatile and small changes in demand can result in relatively high costs being incurred.
 - Children's Internal Residential Care has a projected net over spend of £324,000 compared to £220,000 in 2024-25. This is mainly due to increased usage of agency workers to address safeguarding issues which require additional staffing across the service.
 - Fostering - There is a projected under spend in this area of £584,000. This is primarily due to a projected under spend of £331,000 on the Independent Fostering Agency (IFA) budget based on 37 placements. This is due to alternative, lower cost, placement options being fully 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 Supported Living – There is a projected over spend of £594,000 which is currently mitigated by the projected under spend in Fostering noted above. This is due to increases in the number of placements (21 in quarter 1 of 2024-25 compared to 27 in quarter 1 of 2025-26).
 - Commissioning and Social Work – There is a projected over spend of £115,000 compared to an under spend of £855,000 in 2024-25. This is mainly due to projected over spends in care support and placements costs across the service area - the majority of which relate to Care Experienced Children/care support spend such as court ordered drug testing, assessments, reports, travel and therapy costs. The movement from the under spend reported in 2024-25 is due to the fact that in the last financial year the service area benefited from additional one-off grant funding (£355,000) and staff vacancies (£306,000). In addition, £300,000 of the overall MTFS vacancy factor budget reduction proposal (SSW10) for 2025-26 has also been allocated to this service area.
- Early Help & Edge of Care – There is a projected under spend of £188,000. This is due to a projected under spend of £47,000 on staffing and £141,000 on running costs across the service while a review of the service is progressed.

3.3.3 Communities Directorate

The net budget for the Directorate for 2025-26 is £33.862 million. The current projection is an anticipated under spend of £185,000. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Fleet Services	180	700	520	288.61%
Traffic & Transport	1,321	941	(380)	-28.77%
Corporate Landlord	3,550	3,301	(249)	-7.01%

Fleet Services

- There is a projected over spend of £520,000 on Fleet services which is a slight reduction from the £564,000 over spend in 2024-25. The fleet services team operate on a break-even basis with re-charges for work undertaken on directorates, South Wales Police (SWP) and the general public's vehicles, generating income to support staffing and overhead costs. Productivity levels continue to be impacted by long term sickness and ongoing issues with recruitment and retention difficulties. A market supplement has been introduced in line with the corporate Market Supplement Policy following comparisons with neighbouring authorities and remuneration of HGV technicians, which has seen some limited success in filling vacancies. A report outlining options for service operating models to mitigate the budget position of fleet services has been delayed due to officer availability but is now proceeding and is anticipated in the latter half of the 2025-26 financial year.

Traffic and Transport

- There is a projected under spend of £380,000 across Traffic and Transport budgets. Whilst the service area has benefitted from an MTFS budget pressure of £360,000 approved by Council for 2025-26 towards the shortfall in car park income and the staff car pass scheme which has been impacted by hybrid working, the Council continues to benefit from the temporary income raised from the Salt Lake Car Park in Porthcawl.

Corporate Landlord

- There is a projected under spend of £249,000 against Corporate Landlord. This is primarily due to staff vacancies as the service continues to experience recruitment difficulties. It is comparable with the under spend on staffing budgets in 2024-25 of £230,000.

3.3.4 **Chief Executive's**

The net budget for the Directorate for 2025-26 is £24.838 million. Current projections anticipate an over spend against this budget of £858,000. The main variances are:

CHIEF EXECUTIVE'S	Net Budget £'000	Projected outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
ICT	4,180	4,445	265	6.3%
Partnerships	2,208	2,447	239	10.8%
Housing & Homelessness	4,801	4,723	(78)	-1.6%
Finance	4,207	4,506	299	7.1%

ICT

- There is a projected net over spend of £265,000 across ICT budgets compared to an over spend of £712,000 in 2024-25. As noted in the outturn report, budget virements will be actioned in 2025-26 to re-align service department telephony budgets back to ICT to recognise the savings made from the re-procurement exercise undertaken, and also to re-align print budgets to reflect reduced print costs due to hybrid working. These have improved the projections for the ICT service. In addition, Council approved a budget pressure for 2025-26 of £218,000 towards ICT licensing and support costs.
- The remaining projected over spend is mainly due to MTFS saving proposals from 2024-25 and 2025-26 not being fully achieved. There is a shortfall of £87,000 against the 2024-25 MTFS budget reduction proposal CEX 22 – Review of ICT services and a shortfall of £78,000 against the 2025-26 MTFS budget reduction proposal CEX 10 – Restructure the ICT service pending a restructure of the service.
- The balance of the projected over spend is primarily due to historic SLA income from schools no longer being realised as the Welsh Government School Hwb project now includes the services previously being re-charged.

Partnerships

- There is a net projected over spend of £239,000 across the Partnerships budgets which is comparable to the 2024-25 outturn position.
- There is a projected over spend against the CCTV budget of £91,000 – which is mainly due to a reduction in projected income as a result of the contract with the Vale of Glamorgan ending (£71,000). The remainder is due to increased projected salary costs for night time and shift allowances (£35,000).
- There is a projected over spend in Communications and Marketing of £50,000 which is as a result of the department restructure having been placed on-hold. This is being progressed in 2025-26.
- There is a projected over spend against Pest Control services of £34,000 – this is due to the shortfall in the 2024-25 MTFS budget reduction proposal, CEX 8 - Charging for PEST control services. There continues to be a projected reduced uptake in the service resulting in a projected income shortfall for 2025-26.

Housing & Homelessness

- There is a projected net under spend of £78,000 on Housing & Homelessness compared to an over spend of £274,000 in 2024-25.
- The overall budget for housing and homelessness has been increased by £400,000 in 2025-26 due to Council approving a MTFs budget pressure to support pressures on the homelessness budget. In addition there has also been an increase of £970,000 due to transfers from Welsh Government into the settlement from previous grant funding.
- Projected spend on Homelessness accommodation in 2025-26 is £4.400 million. As well as the core budget (£3.274 million) the service has also seen an increase in rental income relating to Housing Benefits claimed by tenants who have been supported with homelessness accommodation (£460,000). The net impact is a projected over spend on accommodation of £666,000.
- This has been offset by projected under spends on the Brynmenyn Homeless Centre (£162,000) and the three new HMO properties acquired in 2024-25 (£165,000) due to projected increases in Housing Benefit income. Further projected under spends include maximisation of Supporting People grant (£115,000) and grant funding received for Asylum Seeker Dispersal (£99,000).

Finance

- There is a projected over spend of £299,000 on Finance budgets. This primarily relates to failure to implement historic MTFs proposals requiring restructures (the service is now considering alternative budget saving proposals) and delays to in-year restructures which will be finalised later in 2025-26 (CEX25 (2024-25) – Staff savings from Finance senior management team - shortfall of £70,000 and CEX5 – review support capacity across finance – shortfall of £23,000). The balance is mainly due to a shortfall against the historic vacancy management factor target of £144,230 across Finance 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 2025-26 is £51.734 million. Current projections anticipate an over spend against this budget of £171,000. The main variance is:-

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Council Tax Reduction Scheme	17,054	17,275	221	1.30%

Council Tax Reduction Scheme

- There is currently a projected over spend of £221,000 on the Council Tax Reduction Scheme. This is a demand led budget and take-up is difficult to predict. The projected take-up for 2025-26 is higher than in 2024-25 when the gross spend in this budget area was £16.326 million. This is partly due to the increase in council tax in 2025-26 of 4.5%, plus work undertaken by the Benefits Team to ensure citizens are aware of and claiming the benefits they are entitled to. The budget will

be closely monitored in 2025-26 as there could be additional calls on the scheme with the ongoing cost of living crisis with the potential for an increase in the number of benefit claimants.

Other Council wide budgets

- As referred to in paragraph 3.1.12, 3.1.13 and 3.1.14, due to the ongoing discussions regarding pay claims, funding of the increases to the rate of employers' national insurance contributions and the risk on price inflation increases, at this point in the financial year, it is prudent to assume that the majority of Other Council wide budgets will be fully spent by the year end. Close monitoring of these budgets will be required for the remainder of 2025-26 with further updates provided in future revenue monitoring reports.

3.3.6 Earmarked Reserves

Earmarked reserves will continue to be thoroughly reviewed by Corporate Management Board during 2025-26, including assessments of the draw down profile and re-profiling of existing earmarked reserves. Where earmarked reserves are identified to be unwound, these will be used to fund emerging risks for the Council as a whole during 2025-26. Further detail will be provided on the outcome of CMB reviews in future revenue monitoring reports.

4. Equality implications (including Socio-economic Duty and Welsh Language)

- 4.1 The protected characteristics identified within the Equality Act 2010, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

- 5.1 The Act provides the basis for driving a different kind of public service in Wales, with 5 ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. The allocation of budget determines the extent to which the Council's well-being objectives can be delivered. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change and Nature 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 revenue position for 2025-26

Background documents: Individual Directorate Monitoring Reports