

<b>Meeting of:</b>	<b>CABINET</b>
<b>Date of Meeting:</b>	<b>3 FEBRUARY 2026</b>
<b>Report Title:</b>	<b>BUDGET MONITORING 2025-26 – QUARTER 3 REVENUE FORECAST</b>
<b>Report Owner/ Responsible Chief Officer / Cabinet Member:</b>	<b>CABINET MEMBER FOR FINANCE AND PERFORMANCE  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>• The net revenue budget for 2025-26 is £383.226 million. The overall projected year end position at 31st December 2025 is a net under spend of £9.256 million (2.4% of the net revenue budget).</li> <li>• There is a projected under spend of £8.652 million on Council wide budgets. This primarily relates to additional interest anticipated from current investments (£1.599 million) and savings on Minimum Revenue Provision (MRP) charges following the change in policy on the calculation of MRP (£1.004 million), additional grant from Welsh Government towards the teachers' pay award 2025-26 along with the confirmed National Joint Council (NJC) pay awards being lower than provided for.</li> <li>• There continues to be an underlying pressures on directorate budgets primarily within Inclusion Services, Children's Services and the Chief Executive's Directorate.</li> <li>• The budget approved for 2025-26 included budget reduction proposals totalling £8.379 million. The current position is a projected shortfall on the</li> </ul>

	<b>savings target of £973,000, or 10.81% of the overall reduction target.</b>
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**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 31st December 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 2025, 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 31st December 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 31st December 2025**

Directorate/Budget Area	Original Budget 2025-26 £'000	Revised Budget 2025-26 £'000	Projected Outturn Q3 2025-26 £'000	Projected Over / (Under) Spend 2025-26 £'000	Projected Over / (Under) Spend Qtr 2 2025-26 £'000
<b>Directorate</b>					
Education, Early Years and Young People	154,862	158,786	158,281	(505)	(289)
Social Services and Wellbeing Communities	115,909	119,585	119,026	(559)	(117)
Chief Executive's	33,754	34,429	34,548	119	77
	24,815	25,762	26,103	341	782
<b>Total Directorate Budgets</b>	<b>329,340</b>	<b>338,562</b>	<b>337,958</b>	<b>(604)</b>	<b>453</b>
<b>Council Wide Budgets</b>					
Capital Financing	5,958	5,907	3,303	(2,604)	(1,227)
Levies	10,209	10,209	10,209	0	0
Apprenticeship Levy	750	869	874	5	0
Council Tax Reduction Scheme	17,054	17,054	17,221	167	214
Insurance Premiums	1,363	1,363	1,507	144	12
Repairs & Maintenance	670	670	600	(70)	0
Pension Related Costs	430	430	462	32	32
Other Council Wide Budgets	17,452	8,162	1,836	(6,326)	(5,381)
<b>Total Council Wide Budgets</b>	<b>53,886</b>	<b>44,664</b>	<b>36,012</b>	<b>(8,652)</b>	<b>(6,350)</b>
<b>Total</b>	<b>383,226</b>	<b>383,226</b>	<b>373,970</b>	<b>(9,256)</b>	<b>(5,897)</b>

3.1.2 The overall projected position at 31st December 2025 is a net under spend of £9.256 million comprising a £604,000 net under spend on directorate budgets and a net under spend of £8.652 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 projected under spend has improved from the £5.897 million reported at quarter 2 primarily due to savings on Minimum Revenue Provision (MRP) charges following the change in policy on the calculation of MRP (£1.004 million).

3.1.4 The main financial pressures remain in the Chief Executive's Directorate, Inclusion Services within the Education, Early Years and Young People Directorate and Children's Services in the Social Services and Wellbeing (SSWB) Directorate.

3.1.5 The underlying pressures for the Chief Executive's directorate is mainly due to delays in implementing Medium Term Financial Strategy (MTFS) budget reduction proposals and projected shortfalls on Court Cost income.

3.1.6 There continues to be pressure in learning disabilities and physical disability/sensory impairment services driven by the complexity of need and demand across these services. There is also significant pressure in children's residential placements. The Social Services Improvement Board is overseeing a number of actions to address the pressures in line with the 3 year Plans for Sustainable Care and Support for Adults and for Children and Family services.

- 3.1.7 There continues to be significant demand for additional learning needs (ALN) support at schools. The demand is high in particular for pupils requiring neurodevelopmental, behavioural, communication and complex medical support.

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

- 3.1.8 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
- 3.1.9 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 budget for a Directorate Support Officer from the Chief Executive's Directorate to the Social Service and Wellbeing Directorate to reflect line management responsibilities following a restructure of Business Support.	£37,073
Transfer of budget approved by Council in February 2024 (SSWB5 – Direct Payments Reimbursements) from the Social Services and Wellbeing Directorate to the Chief Executive's Directorate to fund a Direct Payments Assistant post.	£37,073
Transfer of funding from Directorate print budgets to ICT to reflect reduced print activity due to hybrid working and ICT being unable to recover the fixed costs of printers and photocopiers through the re-charge to service departments.	£140,000
Transfer of funding from Directorate mobile phone budgets to ICT to reflect reduced costs following a procurement exercise being undertaken on telephony contracts with MTFS savings achieved of £285,000 achieved from 1 April 2024.	£90,793
Transfer of funding from the centrally held MTFS pressure budget to ICT to mitigate the shortfall in directorate budgets available to be transferred to ICT to reflect the full achievement of the £285,000 MTFS target from the telephony procurement exercise.	£194,207
Allocation of funding retained centrally in respect of Youth Worker pay award September 2025 – confirmed December	£9,882

#### **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 3.1.10).	£769,375

### **Price Inflation**

- 3.1.10 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 price 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 amount released from these budgets during quarter 3, based upon evidenced price inflationary uplifts and include £509,070 for Waste Collection and Disposal contracts, £133,306 for Fostering Allowances and £107,729 for Home to School Transport contracts.
- 3.1.11 Inflation rates have fluctuated since the budget was set – CPI was 2.8% when the budget was set in February 2025, increasing to 4.1% in September 2025, then falling to 3.2% in November 2025. There is ongoing uncertainty on energy cost increases in 2026-27 and the general trajectory of CPI, therefore it is likely that the provision set aside in the MTFS for 2026-27 will need to be supplemented by any funding not committed from the price inflation budget this year.

### **Budget Reduction Proposals**

- 3.1.12 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.
- 3.1.13 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.
- 3.1.14 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 outlined 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	291	149	142
Social Services and Wellbeing	501	206	295
Communities	464	314	150
Chief Executives	1,567	1,341	226
<b>TOTAL</b>	<b>2,823</b>	<b>2,010</b>	<b>813</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 £2.823 million outstanding reductions, £2.010 million is likely to be achieved in 2025-26 leaving a shortfall of £813,000. Proposals still not likely to be achieved include:

- EDF519 – Communication and Relationships Team (£142,000 shortfall). A new Team Lead started on 1st September 2025, however due to staff absences the review has been delayed. It is anticipated to commence in quarter 4 and further updates to Cabinet will be provided as the review progresses.
- SSW13 – Reduction in investment into cultural services (£295,000 shortfall). Cabinet report in May 2024 approved reductions of £65,000. The shortfall will be covered by maximising grant funding opportunities in 2025-26. However, a long term plan to achieve the shortfall needs to be explored for the saving to be met in 2026-27.
- COM 2 2021-22 – Re-location of Community Recycling Centre from Tythegston to Pyle (£60,000 shortfall). The new site in Pyle opened in

quarter 4 of 2023-24. As the exit terms of the lease in Tythegston are still being worked through the saving has not been achieved. The service have met the shortfall through alternative one-off efficiencies in 2025-26 to deliver a balanced budget position, in particular it has utilised part of the £3.9 million for the Extended Producer Responsibility for Packaging Scheme.

- COM2 2023-24 – Charging Blue Badge Holders for parking (£40,000 shortfall). The Traffic and Transport Team are progressing with the order making process and have carried out an initial engagement on the proposal which is currently being evaluated prior to progressing. Savings have been made elsewhere within Transportation Services to deliver a balanced budget, in particular Car Parking Services.
- CEX22 – Review of ICT Services (£103,000 shortfall). Saving was not met in full due to the timing of the re-procurement exercise on telephony budgets across the Council. The service will still look to find efficiencies in the current year. In the longer term work is being done to look at options for funding and supporting the digital transformation in the Authority.
- 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 draft MTFS 2026-27 to 2029-30 includes a budget pressure of £70,000 to reinstate this budget reduction proposal as the restructure was consulted on but it did not proceed.

- 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 £6.468 million has been achieved to date with an additional £1.005 million to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £906,000, or 10.81% 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	740	1,049	379
Schools	1,186	1,186	1,186	0
Social Services and Wellbeing	1,817	1,132	1,560	257
Communities	717	356	556	161
Chief Executive's	688	511	579	109
Corporate/Council Wide	2,543	2,543	2,543	0
<b>TOTAL</b>	<b>8,379</b>	<b>6,468</b>	<b>7,473</b>	<b>906</b>

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 (£121,000 shortfall). The consultation with staff on the restructure has now concluded with the new structure being implemented from the 5th January 2026. 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), as referenced in paragraph 3.3.1, the reduced budgets have resulted in total projected deficit balances for schools at year end of £5.593 million. Officers are working with schools to bring this overall deficit down.
- SSW8 – Reduction in the provision of number of Supported Living Accommodation units (£190,000 shortfall). It has been determined that this savings proposal is no longer deliverable and work is underway by the service to identify alternative budgets for this to be offset against.

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 2025

#### **Financial position at 31st December 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 (EEYYP) Directorate, including school delegated budgets, for 2025-26 is £158.786 million. Current projections indicate an under spend of £505,000 compared to the quarter 2 projected under spend of £289,000 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>	
Inclusion Group	8,816	9,119	303	3.4%
Home-to-School Transport	10,892	10,728	(164)	-1.5%
Catering Services	1,863	1,198	(665)	-35.7%

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

Total funding delegated to schools in 2025-26 is £126.541 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 2025-26, projections indicated an overall deficit balance for school delegated budgets of £5.206 million at year end. At quarter 2 this had slightly reduced to a projected deficit of £5.087 million. At quarter 3 the projected deficit balance has increased to £5.593 million. There are 37 primary schools, 5 secondary schools and 2 special schools (75% of all schools) projecting a deficit balance at year end.

The Financial Scheme for Schools requires 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. All schools projecting a deficit budget position have completed recovery plans which have been approved in line with the Financial Scheme for Schools. Schools with budget 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.

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

### **Inclusion Group**

- There is a projected net over spend of £303,000 in quarter 3 compared to £740,000 in quarter 2 across Inclusion Group budgets. The main reason for the improvement is additional grant funding for additional learning needs (ALN) (£650,000) without which the net over spend would be £953,000.
- The main reason for the underlying projected over spend is that there continues to be significant demand for ALN support at schools resulting in a projected over spend of £303,000 at quarter 3, down from £536,000 at quarter 2. The improved position is due to an allocation of £290,000 from the ALN grant. The demand is high in particular for pupils requiring neurodevelopmental, behavioural, communication and complex medical support. The number of pupils supported during the spring term was 303, increasing to 345 during the summer term, and 348 during the autumn term.
- Recoupment budgets had a projected over spend of £102,000 at quarter 2 which has improved to a projected over spend of £35,000 at quarter 3. The improved position is due to an allocation of £360,000 from the ALN grant. Numbers have remained stable in inter-county recoupment placements, with 20 during summer term 2025, down to 18 during autumn term 2025. The underlying pressure is due to additional support being provided at Heronsbridge School and Ysgol Bryn Castell to mitigate further external placements. The projected costs for the support provided by the special schools alone are currently £658,000, however this approach prevents higher costs that would have been incurred with external providers.
- The draft MTFS 2026-27 to 2029-30 includes a £250,000 budget pressure for ALN services, primarily for the additional support being provided at Heronsbridge School and Ysgol Bryn Castell to mitigate further external recoupment places. It also includes an ALN budget pressure of £800,000 which includes additional resource bases in schools, particularly for communication and autism, due to the significant increase in the number of pupils with emotional, social and behavioural needs, and pupils with complex medical needs and physical disabilities.

### **Home-to-school transport (HtST)**

- There is a projected under spend of £164,000 on HtST at quarter 3, compared to the projected under spend of £393,000 at quarter 2. The underlying projected under spend is as a result of achieving efficiencies in contracts throughout 2025-26, however the projected under spend has reduced from quarter 2 as there have been an increase in costs for college and special school transport.
- The projected under spend reflects that the MTFS budget reduction proposal in this service area for 2025-26 of £675,000 will be met in full – EEYYP 2 – review of HtST. However, given the reduction in projected under spend contracts will continue to be reviewed in order to meet the 2026-27 MTFS budget reduction proposal of £417,000.

### **Catering Services**

- Catering Services is projecting an under spend of £665,000 in quarter 3 compared to the projected under spend of £494,000 in quarter 2.
- The projected under spend continues to be based on the full implementation of the Universal Primary Free School Meals (UPFSM) by Welsh Government and the accompanying grant funding to support the initiative.

- The increase in the projected under spend is due to the uplift to the recoverable amount from £3.20 to £3.40 per meal from Welsh Government, which has been backdated to September 2025.
- The draft MTFS for 2026-27 to 2029-30 includes a £300,000 budget reduction proposal for efficiencies in the Catering Services budget.
- The projected under spend takes into account the delay in the implementation of MTFS budget reduction EYYP1 – Cessation of the meals at home service which is currently reporting a shortfall of £56,000. The service has now ceased so no further costs should be incurred with the saving being made in full from 2026-27.

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

The Directorate's net budget for 2025-26 is £119.585 million. Current projections indicate an under spend of £559,000 at year end compared to the quarter 2 projected under spend of £117,000. The improved position is due to additional grant funding and, as the narrative sets out, there are still underlying budget pressures in a number of areas, most significantly children's placements. The detailed narrative below sets out the main service areas where projections have improved, including, older people homecare, assessment and care management, and Children's Social Care Early Help and Edge of Care services.

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 quarter 2 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. There is also significant pressure in children's residential placements. 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 :

<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	79,142	78,028	(1,114)	1.41%
Prevention and Wellbeing	6,380	6,188	(192)	-3.01%
Childrens Social Care	34,063	34,810	747	2.19%

## **Adult Social Care**

There is a projected net under spend of £1.114 million on the Adult Social Care budget, an improvement of £558,000 from the £756,000 projected under spend at quarter 2.

The most significant variances contributing to the under spend are:

<b>ADULT SOCIAL CARE</b>	<b>Projected Variance Over/(under) budget £'000</b>
Learning Disabilities Residential Care	241
Physical Disability/Sensory Impairment Home Care	216
Physical Disability/Sensory Impairment Residential Care	111
Mental Health Residential Care	(106)
Mental Health Home Care	(110)
Older People Direct Payments	(141)
Homes for Older People	(154)
Learning Disabilities Direct Payment	(222)
Mental Health Supported Accommodation	(242)
Older People Homecare	(289)
Assessment & Care Management	(320)

- Learning Disabilities Residential Care – there is a projected over spend of £241,000 which has increased slightly from the projected over spend of £203,000 at quarter 2. While there has been an increase in projected spend for residential/nursing placements of £286,500 (placements have increased from 38 at quarter 2 to 40 at quarter 3 with two new unavoidable placements taking place) the confirmed joint financing income has increased by £335,000 and there has also been an increase in client contributions of £131,000. Given the improved income projections there has been a reduction in the allocation of Social Care Workforce Grant to this area of £200,000.
- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £216,000 which is comparable to the projected over spend of £225,000 at quarter 2. The projected over spend is based on the current demand for the service which is 99 packages of support (no change since quarter 2), and increased costs for existing placements, due to changing needs.
- Physical Disability/Sensory Impairment Residential Care – there is a projected over spend of £111,000 which is comparable to the £110,000 projected over spend at quarter 2. The projected over spend is due to higher placement numbers than budgeted for.
- The draft MTFs for 2026-27 to 2029-30 includes a £250,000 budget pressure for adult social care pressures, including physical disabilities homecare, learning

disabilities and physical disabilities residential care, as a result of increased placements and increased costs due to changing needs.

- Mental Health Residential Care – there is a projected under spend of £106,000 compared to a projected under spend of £87,000 at quarter 2. Whilst there has been an increase in placement numbers from 48 at quarter 2 to 50 at quarter 3 the projected under spend has improved due to less complex levels of support being provided.
- Mental Health Home care- there is a projected under spend of £111,000 compared to a projected over spend of £85,000 at quarter 2. Since quarter 2, two high cost packages of care have ended and £42,305 of additional joint financing income has been confirmed.
- Older People Direct Payments - there is a projected under spend of £141,000 compared to a projected under spend of £108,000 at quarter 2. This is due to a small net reduction in the current packages of care.
- Homes for Older People – there is a projected under spend of £154,000 compared to a projected under spend of £770,000 at quarter 2. Since quarter 2 there has been an increase in projected staffing, agency and running costs, of £118,000 as well as a decrease in projected client contributions for internal residential homes of £52,000. There has also been an increase in projected costs for externally provided residential and nursing care of £153,000, as well as a decrease in projected client contributions of £294,000. All contributions towards residential care are financially assessed in accordance with the Social Services and Well-being (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.
- Learning Disabilities Direct Payments – there is a projected under spend of £222,000 across the Direct Payments budgets in this area compared to a projected under spend of £266,000 at quarter 2. This is based on the current demand for packages of support of 138 (137 at quarter 2).
- Mental Health Supported Accommodation – there is a projected under spend of £242,000 compared to a projected under spend of £256,000 at quarter 2. This continues to be as a result of staffing vacancies with the service.
- Older People Home Care – there is a projected under spend of £290,000 compared to a £151,000 over spend at quarter 2. The number of commissioned Independent Domiciliary care packages across the service area (628) has reduced since quarter 2 (644).
- Assessment & Care Management – there is a projected under spend across Adult Social Care of £320,127 compared to a projected under spend of £109,560 at quarter 2. This is mainly due to this area benefitting from an additional £266,166 of Pathways of Care grant income to maximise the grant while recruitment is being undertaken to core posts.

## **Prevention and Wellbeing**

- There is a projected under spend of £192,000 at quarter 3 which is comparable to the projected under spend of £193,000 at quarter 2.
- The underlying reason for the projected under spend is mainly due to maximisation of grant funding from the Shared Prosperity Fund (£643,000). This is also mitigating the following MTFS saving, £295,000 of which has not been achieved:-
  - SSW13 (2024-25) – £360,000 - Council to reduce its investment into cultural services. This MTFS proposal will be considered as part of the budget setting process for 2026-27.

## **Children's Social Care**

There is a projected net over spend of £747,000 on the Children's Social Care budget compared with the projected net over spend of £832,000 at quarter 2. The most significant variances contributing to this over spend are:-

<b>CHILDREN'S SOCIAL CARE</b>	<b>Projected Variance Over/(under) budget £'000</b>
Care Experienced Children	1,010
Early Help & Edge of Care	(234)

- The projected over spend of £1.010 million for Care Experienced Children has decreased slightly from the £1.050 million projected over spend reported at quarter 2. The underlying over spend is due to a combination of factors:-
  - The Independent Residential Care budget has a projected over spend of £935,511 (quarter 2 - £880,000).
  - The quarter 2 projections were based on 28 care experienced children in independent residential care – this has decreased to 27 placements at quarter 3. Three placements ended during quarter 3 reducing projections by £364,000, offset by two new placements at a projected cost of £300,000 and amendments to existing placements at an additional £117,000. However, it is understood additional placements are anticipated in quarter 4 which means overall numbers and costs will increase unless there are corresponding step downs from residential.
  - 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 £226,000 compared to £280,000 in quarter 2. This is mainly due to continued use of agency workers to address operational pressures across the service.

Recruitment is being progressed for vacancies and it is anticipated that agency usage will reduce once the recruitment process is complete.

- Fostering - There is a projected under spend in this area of £625,000. This is primarily due to a projected under spend of £296,000 on the Independent Fostering Agency (IFA) budget based on 34 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 £526,000 which is the same as the projected over spend reported at quarter 2. This is currently mitigated by the projected under spend in Fostering noted above. The pressure is due to increases in the number of placements (21 in quarter 3 of 2024-25 compared to 27 currently). The draft MTFS 2026-27 to 2029-30 includes a £250,000 budget pressure towards the projected over spend for children's supported accommodation.
- Early Help & Edge of Care – There is a projected under spend of £234,000 compared with the projected under spend of £143,000 at quarter 2. The projected under spend has increased firstly due to £41,000 of Regional Integration Funding being confirmed for Edge of Care services in quarter 3, and secondly continuing staffing under spends due to ongoing vacancies across the team.

### 3.3.3 **Communities Directorate**

The net budget for the Directorate for 2025-26 is £34.429 million. The current projection is an anticipated over spend of £119,000 compared with the projected over spend of £77,000 at quarter 2.

As set out in the Draft Medium Term Financial Strategy 2026-27 to 2029-30 report to Cabinet on 13 January 2026, a UK Packaging Extended Producer Responsibility (pEPR) scheme has been introduced in 2025-26 as a means of shifting the full financial cost of managing household packaging waste from taxpayers (local authorities) to the businesses that place it on the UK market. These payments, funded by producers of packaging, are calculated based on the net efficient disposal costs for each material type and for BCBC in 2025-26 equates to £3.922 million. The scheme will enable the directorate to support pressures in their service areas from the waste budget it releases, and consideration is being given to how this is used towards additional waste collection and disposal requirements, both capital and revenue, and in respect of the circular economy. Further details will be provided in the 2025-26 outturn report to Cabinet in June 2026.

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>	
Highway Services	9,168	9,507	339	3.70%
Fleet Services	204	731	527	258.33%
Traffic & Transport	1,341	893	(448)	-33.41%
Parks, Playing Fields & Bereavement	2,807	2,824	17	0.61%
Corporate Landlord	3,646	3,227	(419)	-11.49%

#### Highway Services

- There is a projected over spend of £339,000 at quarter 3 compared with the projected over spend of £233,000 at quarter 2. The underlying reason for the projected over spend is that the service area is not anticipated to meet its vacancy management MTFS saving of £93,000 and a projected over spend on hire charges for vehicles and equipment. The draft MTFS for 2026-27 to 2029-30 includes a budget pressure of £40,000 for Highways Services to support staffing and hire charges for vehicles and equipment.

#### Fleet Services

- There is a projected over spend of £527,000 at quarter 3 compared to the projected over spend of £592,000 at quarter 2. 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. The underlying projected over spend before the budget virement from waste budgets is due to productivity levels continuing 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 was delayed due to officer availability but an external review is now proceeding. The scope, timelines, workstreams and outcomes sought for the evaluation are being finalised with workstreams due to commence in the final quarter of 2025-26. The current forecast is for the review to run into Summer 2026 due to the scope of the work encompassing the waste management element.

#### Traffic and Transport

- There is a projected under spend of £448,000 at quarter 3 compared with a projected under spend of £504,000 at quarter 2. 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. The projected under spend has reduced by £56,000 from quarter 2 which is mainly due to reduced projections for car park income across the County Borough.



#### Parks, Playing Fields & Bereavement Services

- There is a projected over spend of £17,000 at quarter 3 compared to a projected over spend of £184,000 at quarter 2 on Parks, Playing Fields & Bereavement services. The projected over spend on maintenance budgets on Pavilions have improved since quarter 2. The draft MTFS 2026-27 to 2029-30 includes a budget pressure of £50,000 to support maintenance on cemeteries.

#### Corporate Landlord

- There is a projected under spend of £419,000 at quarter 3 compared with the £368,000 projected under spend at quarter 2. This is primarily due to staff vacancies as the service continues to experience recruitment difficulties. The improved position from quarter 2 is due to the closure of the Innovation Centre and the consequential reduction in running costs.

### 3.3.4 Chief Executive's

The net budget for the Directorate for 2025-26 is £25.762 million. There is currently a projected over spend of £341,000 at year end compared to the quarter 2 projected over spend of £782,000. The main variances are:

CHIEF EXECUTIVE'S	Net Budget  £'000	Projected outturn  £'000	Projected Variance Over/(under) budget £'000	% Variance
ICT	4,323	4,666	343	7.9%
Partnerships	2,305	2,394	89	3.9%
Housing & Homelessness	4,855	4,515	(340)	-7.0%
Finance	4,436	4,786	350	7.9%

#### ICT

- There is a projected net over spend of £343,000 across ICT budgets compared to a projected net over spend of £230,000 at quarter 2.
- As noted in the quarter 2 report, the 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 £103,000 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 of 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 (£177,000).
- As noted in paragraph 3.1.9, during quarter 3 there were three budget virements to ICT budgets. Firstly, the transfer of funding from Directorate Print budgets to ICT to reflect the reduced print activity due to the hybrid working model and ICT being unable to recover the fixed costs of printers and photocopiers through the re-charge to service departments (£140,000). In addition, a procurement exercise was undertaken on telephony contracts with savings of £285,000 achieved from 1 April 2024. However, the current mobile phone budget across all directorates is now only

£128,344 as service areas have vired savings from their mobile phone budgets having seen the reduction in costs to fund over spends in other non-pay areas. The projected under spend on the remaining mobile phone budgets of £90,793 has been vired from individual service area budgets to ICT, with the balance of the MTFS saving (£194,207) being vired from the centrally held budget for MTFS pressures.

#### Partnerships

- There is a net projected over spend of £89,000 across the Partnerships budgets compared to a projected net over spend of £192,000 at quarter 2.
- There continues to be a projected over-spend against the CCTV budget (£73,000) which is mainly due to a reduction in projected income as a result of the contract with the Vale of Glamorgan ending (£71,000).
- There is a projected over spend in Communications and Marketing of £48,000 which is mainly due to increased staffing costs while the service underwent a restructure. The restructure became effective from the 1st October 2025 so the over spend will not be recurring in 2026-27.
- There is a projected over-spend against Pest Control services of £25,000 – which is due to the shortfall in the 2024-25 MTFS budget reduction proposal, CEX 8 - Charging for PEST control services. Due to the continued reduced uptake of the service, the decision was taken to cease the provision of this service by BCBC from 31st October 2025. The Partnerships service will be identifying alternative budgets as part of the 2026-27 budget setting process to mitigate the underlying net budget of £3,950 for the service.
- These projected over spends have been mitigated by a projected under spend on staff budgets within the grant administration team (£60,000) due to the maximisation of grant income.

#### Housing & Homelessness

- There is a projected net under spend of £340,000 on Housing & Homelessness compared to a net projected under spend of £25,000 at quarter 2.
- 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 million (£4.2 million at quarter 2). 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 (£499,000 at quarter 3 compared with £460,000 at quarter 2). The net impact is a projected over spend on accommodation of £227,000 (projected over spend of £466,000 at quarter 2).
- This has been offset by projected under spends on the Brynmenyn Homeless Centre (£138,000) and the four new Houses in Multiple Occupation (HMO) properties (£203,000) due to projected increases in Housing Benefit income. Further projected under spends include maximisation of Supporting People grant (£118,000) and grant funding received for Asylum Seeker Dispersal (£99,000).

### Finance

- There is a projected over spend of £350,000 on Finance budgets which has increased from the quarter 2 projected over spend of £301,000.
- There is a shortfall of £133,000 on Department for Work and Pension (DWP) subsidy contributions towards housing benefit payments in Bridgend compared to the projected shortfall of £91,000 at quarter 2. 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 draft MTFS for 2026-27 to 2029-30 includes a budget pressure of £91,000 to mitigate this shortfall.
- There is also a projected shortfall of £74,000 on Court Cost income. The draft MTFS for 2026-27 to 2029-30 includes a £75,000 budget pressure to mitigate the shortfall in Court Cost Income collected from council tax and Non Domestic Rates.
- There is also the failure to implement an historic MTFS proposal - (CEX25 (2024-25) – Staff savings from Finance senior management team - £70,000. The draft MTFS for 2026-27 to 2029-30 includes funding of £70,000 to reinstate this budget reduction following a full restructure being proposed and consulted on but which did not proceed.
- The balance is mainly due to a shortfall against the historic vacancy management factor target of £103,000 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 £44.664 million. Current projections anticipate an under spend against this budget of £8.652 million which has improved from the projected under spend at quarter 2 of £6.350 million. The main variances are:-

<b>COUNCIL WIDE BUDGETS</b>	<b>Net Budget</b>	<b>Projected Outturn</b>	<b>Projected Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Capital Financing	5,907	3,303	(2,604)	-44.08%
Council Tax Reduction Scheme	17,054	17,221	167	0.98%
Other Council Wide budgets	8,162	1,836	(6,326)	-77.51%

### Capital Financing

- The projected under spend of £2.604 million relates to additional interest anticipated from current investments (£1.599 million) and savings on Minimum Revenue Provision (MRP) charges following the change in policy on the calculation of MRP in October 2024 (£1.004 million). Interest rates started to fall from the high of 5% in November 2024, with further reductions to the current rate of 3.75%. Further interest rate reductions are expected, 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.
- It should also be noted that this will not be a recurring under spend. As noted in the Treasury Management Quarter 2 Report 2025-26 to Cabinet and Council in November 2025, the Council has loans from the Public Works Loan Board (PWLb)

maturing within the next 3 financial years that it will need to repay and, given the anticipated level of expenditure within the capital programme over the current and coming financial years, including the new rolling fleet replacement programme for waste service vehicles, it is highly likely that new borrowing will be required to replace these maturing loans as well as a need to take out new borrowing to support the Capital Programme over the next few years. It is therefore expected that interest received will reduce, and interest paid will increase.

#### Council Tax Reduction Scheme

- There is currently a projected over spend of £167,000 on the Council Tax Reduction Scheme which has reduced slightly from the £214,000 projected over spend at quarter 1. This is a demand led budget and take-up is difficult to predict. The projected take-up for 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.

#### Other Council wide budgets

- The projected under spend of £6.326 million has improved from the £5.381 projected under spend at quarter 2. The main areas contributing to this projected under spend are:-
  - During quarter 2 Welsh Government provided a grant of £521,736 towards the teachers' pay award 2025-26 that was not anticipated at budget setting.
  - During quarter 2 allocation of funding retained centrally in respect of National Joint Council (NJC) pay awards was vired to directorate and school budgets. The confirmed pay award was lower than provided for. The ongoing uncertainty over future pay awards means that it is likely that the provision set aside in the MTFS for 2026-27 will need to be supplemented by any funding not committed from the central pay budget this financial year.
  - Inflation rates have fluctuated since the budget was set – CPI was 2.8% when the budget was set in February 2025, increasing to 4.1% in September 2025, then falling to 3.2% in November 2025. The majority of the budget estimated for price inflation is retained centrally within council wide budgets and allocated to directorates/schools as further information is known about specific contractual price increases – CPI allocations during quarter 3 can be found in paragraph 3.1.10. There is ongoing uncertainty on energy cost increases in 2026-27 and the general trajectory of CPI, therefore it is likely that the provision set aside in the MTFS for 2026-27 will need to be supplemented by any funding not committed from the price inflation budget this year.
  - There is also a projected reduction in corporate support required to fund redundancy costs as there are fewer staffing-related MTFS proposals for 2025-26.

### **3.4 Earmarked Reserves**

- 3.4.1 The cumulative revenue draw down by directorates to date is £1.206 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 £4.974 million from school balances is currently projected, which would continue to leave a negative balance to be managed by the Council.

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

Opening Balance 01 Apr 25	Reserve	Net Additions/ Reclassification	Draw- down	Unwound	Closing Balance 31 Dec 25
£'000		£'000	£'000	£'000	£'000
	<b>Corporate Reserves:</b>				
2,290	Asset Management Reserves	-	(209)	-	2,081
1,830	Major Claims & Insurance Reserves	-	-	-	1,830
1,892	Service Reconfiguration	-	-	-	1,892
2,294	Change Management/Digital Transformation	(264)	(184)	-	1,846
500	Economic and Future Resilience Fund	-	-	-	500
3,179	Other Corporate Reserves	-	-	-	3,179
<b>11,985</b>	<b>Total Corporate Reserves</b>	<b>(264)</b>	<b>(393)</b>	<b>-</b>	<b>11,328</b>
	<b>Directorate Reserves:</b>				
1,919	Education & Family Support	-	(38)	-	1,881
1,856	Social Services & Wellbeing	-	(389)	-	1,467
1,835	Communities	-	(182)	(51)	1,602
1,966	Chief Executives	347	(123)	-	2,190
<b>7,576</b>	<b>Total Directorate Reserves</b>	<b>347</b>	<b>(732)</b>	<b>(51)</b>	<b>7,140</b>
	<b>Equalisation &amp; Grant Reserves:</b>				
316	Education & Family Support	-	-	-	316
47	Social Services & Wellbeing	-	-	-	47
2,478	Communities	(355)	(81)	-	2,042
47	Chief Executives	310	-	-	357
<b>2,888</b>	<b>Equalisation &amp; Grant Reserves:</b>	<b>(45)</b>	<b>(81)</b>	<b>-</b>	<b>2,762</b>
(619)	School Balances	-	-	-	(619)
<b>21,830</b>	<b>TOTAL RESERVES</b>	<b>38</b>	<b>(1,206)</b>	<b>(51)</b>	<b>20,611</b>

3.4.2 In addition to the revenue reserves in **Table 4**, there are currently £46.083 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 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