

<b>Meeting of:</b>	<b>COUNCIL</b>
<b>Date of Meeting:</b>	<b>24 JUNE 2026</b>
<b>Report Title:</b>	<b>REVENUE BUDGET OUTTURN 2025-26</b>
<b>Report Owner/ Responsible Chief Officer / Cabinet Member:</b>	<b>CABINET MEMBER FOR FINANCE AND TRANSFORMATION  CORPORATE DIRECTOR – FINANCE AND TRANSFORMATION</b>
<b>Responsible Officer:</b>	<b>JOANNE NORMAN ACTING DEPUTY HEAD OF FINANCE</b>
<b>Policy Framework and Procedure Rules:</b>	<b>As required by section 3 (budgetary control) of the Financial Procedure Rules; Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• <b>The net revenue budget for 2025-26 was £383.226 million. The overall outturn at 31st March 2026 is a net under spend of £278,000 which has been transferred to the Council Fund.</b></li> <li>• <b>This takes into account the establishment of a net £13.103 million of new earmarked reserves in 2025-26 to enable investment into services and facilities for residents and to mitigate future risks and expenditure commitments.</b></li> <li>• <b>Total Directorate budgets provided a net under spend of £6.663 million and Council Wide budgets a net under spend of £5.944 million.</b></li> <li>• <b>The outturn position also takes into account additional council tax income collected over budget of £774,000 during the financial year.</b></li> <li>• <b>The overall under spend on the Council budget significantly masks underlying budget pressures in Additional Learning Needs services and Children’s social care.</b></li> <li>• <b>The main reasons for the overall under spend in 2025-26 are:-</b></li> </ul>

	<ul style="list-style-type: none"> <li>➤ <b>Introduction of a UK Packaging Extended Producer Responsibility (pEPR) scheme relating to Waste Disposal costs (£3.922 million)</b></li> <li>➤ <b>Additional interest from current investments (£3.027 million)</b></li> <li>➤ <b>Maximisation of grant funding (£3.519 million)</b></li> <li>➤ <b>Savings on Minimum Revenue Provision (MRP) charges following the change in policy on the calculation of MRP (£943,000)</b></li> <li>➤ <b>Additional grant from Welsh Government towards the teachers' pay award 2025-26 (£521,736) and National Joint Council (NJC) employees (£665,984).</b></li> <li>➤ <b>Confirmed National Joint Council (NJC) pay awards being lower than provided for.</b></li> </ul> <ul style="list-style-type: none"> <li>• <b>The budget approved for 2025-26 included budget reduction proposals totalling £8.379 million. At 31st March 2026 there was a shortfall on the savings target of £1.134 million, or 13.53% of the overall reduction target.</b></li> <li>• <b>During 2025-26 Directorates drew down funding from specific earmarked reserves. The final revenue planned draw down from reserves was £2.186 million.</b></li> </ul>
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## **1. Purpose of Report**

- 1.1 The purpose of this report is to provide Council with an update on the Council's revenue financial position for the year ended 31st March 2026.

## **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 March 2026

3.1.1 The 2025-26 financial year has continued to be a complex year in managing the Council's budget.

3.1.2 A significant amount of external funding and grants were received and maximised in the last quarter of the financial year, the majority of which were unanticipated, resulting in a change in the financial position between quarter 3 and quarter 4.

3.1.3 The most significant changes between quarter 3 and quarter 4 were:-

##### Directorate budgets

- UK Packaging Extended Producer Responsibility funding for waste services - £3.922 million (see section 3.3.3 for further detail)
- An improved outturn on interest received - £1.428m
- Maximisation of the Children and Communities Grant - £846,000
- Maximisation of Pathways of Care Grant - £726,000
- Maximisation of the Housing Support Grant - £539,000
- Additional Connecting Care Grant - £336,000
- Maximisation of the Local Authority Education Grant (LAEG) - £225,000
- Additional LAEG - £159,000
- Additional Housing Grants – Ukrainian (£85,000), Leasing Scheme Wales (£150,000) and Afghan Resettlement grant (£80,000)
- A £650,000 reduction in the overall Insurance fund liability following a number of claims being repudiated or discontinued.
- The improved position from the funding/grants noted above were partially offset by a bad debt provision of £3.281 million (see section 3.3.5 for further detail)

##### Schools delegated budgets

- Additional Welsh Government grant funding of £2.395 million, including LAEG (£724,000), LAEG Standards (£451,000), Demand Led (£205,000), Equity (£732,000) and Reform (£281,000).

3.1.4 Given the changes that have occurred which have resulted in a better financial position at the end of 2025-26, the Council is able to earmark some of this funding for initiatives that support residents. A more detailed review of Earmarked reserves is provided in section 4.4 of the report and **Appendix 4**.

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

**Table 1- Comparison of budget against actual outturn at 31st March 2026**

Directorate/Budget Area	Original Budget 2025-26 £'000	Current Budget 2025-26 £'000	Final Outturn Q4 2025-26 £'000	Final Over / (Under) Spend 2025-26 £'000	Projected Over / (Under) Spend Qtr 3 2025-26 £'000
<b>Directorate</b>					
Education, Early Years and Young People	154,862	158,915	158,420	(495)	(505)
Social Services and Wellbeing Communities	115,909	119,599	117,352	(2,247)	(559)
Chief Executive's	33,754	35,299	31,669	(3,630)	119
	24,815	26,333	26,042	(291)	341
<b>Total Directorate Budgets</b>	<b>329,340</b>	<b>340,146</b>	<b>333,483</b>	<b>(6,663)</b>	<b>(604)</b>
<b>Council Wide Budgets</b>					
Capital Financing	5,958	5,861	3,612	(2,249)	(2,604)
Levies	10,209	10,209	10,195	(14)	0
Apprenticeship Levy	750	869	875	6	5
Council Tax Reduction Scheme	17,054	17,054	17,018	(36)	167
Insurance Premiums	1,363	1,363	857	(506)	144
Repairs & Maintenance	670	296	0	(296)	(70)
Pension Related Costs	430	430	458	28	32
Other Corporate Budgets	17,452	6,998	4,121	(2,877)	(6,326)
<b>Total Council Wide Budgets</b>	<b>53,886</b>	<b>43,080</b>	<b>37,136</b>	<b>(5,944)</b>	<b>(8,652)</b>
<b>Net Council Tax Collection</b>			<b>(774)</b>	<b>(774)</b>	<b>0</b>
<b>Appropriations to Earmarked Reserves</b>			<b>13,103</b>	<b>13,103</b>	<b>0</b>
<b>Transfer to Council Fund</b>			<b>278</b>	<b>278</b>	<b>0</b>
<b>Total</b>	<b>383,226</b>	<b>383,226</b>	<b>383,226</b>	<b>0</b>	<b>(9,256)</b>

3.1.6 The overall outturn at 31st March 2026 is a net under spend of £278,000 which has been transferred to the Council Fund, bringing the total Fund balance to £10.286 million. Total Directorate budgets provided a net under spend of £6.663 million and Council wide budgets a net under spend of £5.944 million. The outturn position also takes into account additional council tax income collected over budget totalling £774,000 during the financial year.

3.1.7 Further detail is provided on the more significant under and over spends and movements since quarter 3 in section 3.3.

3.1.8 The overall under spend on the Council budget significantly masks underlying budget pressures. The main financial pressures are in the Inclusion Services within the Education, Early Years and Young People Directorate and Care Experienced Children Services in the Social Services and Wellbeing (SSWB) Directorate.

3.1.9 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.

- 3.1.10 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 Plan for Children and Family services.

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

- 3.1.11 There have been a number of budget virements and technical adjustments between budgets since the quarter 3 Revenue Forecast was presented to Cabinet in February 2026.
- 3.1.12 The main virements and technical adjustments since quarter 3 are outlined below:

#### **Budget Virements**

<b>Service vired from / to</b>	<b>Amount</b>
Transfer of funding from the Capital Financing budget to Communities Directorate to cover the cost of prudential borrowing for carriageway repairs and highways as agreed when the capital funding was approved.	£46,235
One off transfer of funding from Corporate Contingency to the Chief Executive's Directorate for a historic invoice received in relation to HWB ICT purchases for schools.	£65,276

#### **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.	£197,333
Allocation of funding retained centrally in respect of Joint Negotiating Committee (JNC) pay award for 2025-26 for Youth and Community Workers – confirmed in November 2025.	£29,060
Allocation of funding retained centrally in respect of the Employer National Insurance uplift for 2025-26 for Shared Regulatory Services	£32,518
Allocation of corporately held funding for Feasibility works in line with spend	£169,515
Allocation of corporately held funding for Revenue minor works in line with spend	£204,598

### **Budget Reduction Proposals**

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

### **Prior Year Budget Reductions**

- 3.2.1 As outlined in previous monitoring reports during the year, there were still £2.823 million of outstanding prior year budget reduction proposals that have not been met in full. Directors have been working to realise these savings

during the 2025-26 financial year. The position at year end is summarised in **Appendix 1** with a summary per directorate provided in **Table 2**.

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

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education, Early Years and Young People	291	149	142
Social Services and Wellbeing	501	206	295
Communities	464	300	164
Chief Executives	1,567	1,279	288
<b>TOTAL</b>	<b>2,823</b>	<b>1,934</b>	<b>889</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 prior year proposals outstanding, £1.934 million have been realised, leaving a shortfall of £889,000. Proposals still not achieved include:

- EDFS19 – Communication and Relationships Team (£142,000 shortfall). Saving was not met in 2025-26 due to the delay in the consultation. The consultation will take place in 2026-27 and any shortfall against the savings target will be mitigated by holding staff vacancies until the restructure has been finalised.
- SSW13 – Reduction in investment into cultural services (£295,000 shortfall). A Cabinet report in May 2024 approved reductions of £65,000. The shortfall was covered by maximising grant funding opportunities in 2025-26 and will be covered by earmarked reserve funding in 2026-27. However, a long term plan to achieve the shortfall needs to be explored for the saving to be met in 2027-28.
- 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 were still being worked through in 2025-26 the saving was not achieved. The service area anticipate that this saving should be achieved in full in 2026-27.
- 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 during 2026-27.
- CEX22 – Review of ICT Services (£75,000 shortfall). Saving was not met in full following the re-procurement exercise on telephony budgets across the Council. The MTFs approved by Council in February 2026 includes a

budget pressure of £181,000 which includes the mitigation of the shortfall against this budget reduction proposal.

- o CEX25 – Staff savings from Finance senior management team – (£70,000 shortfall). Shortfall in savings target was due to the failure to implement the proposed Finance Senior Management restructure. The MTFs approved by Council in February 2026 includes a budget pressure of £70,000 to reinstate this budget reduction proposal as the restructure was consulted on but it did not proceed.

### **Budget Reductions 2025-26**

3.2.3 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 year end position is that £7.245 million has been achieved, leading to an overall shortfall on the savings target of £1.134 million, or 13.53% of the overall reduction target.

**Table 3 – Monitoring of Budget Reductions 2025-26**

	<b>Total Budget Reductions Required</b>	<b>Total Budget Reductions Achieved</b>	<b>Shortfall</b>
<b>DIRECTORATE /BUDGET REDUCTION AREA</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education, Early Years and Young People	1,428	1,110	318
Schools	1,186	1,186	0
Social Services and Wellbeing	1,817	1,362	455
Communities	717	549	168
Chief Executives	688	495	193
Corporate/Council Wide	2,543	2,543	0
<b>TOTAL</b>	<b>8,379</b>	<b>7,245</b>	<b>1,134</b>

3.2.4 The most significant budget reduction proposals still not achieved in full are (> £100,000 shortfall):-

- EEYYP5 – Reduction in Strategy, Performance and Support Group (£109,000 shortfall). The consultation with staff on the restructure has now concluded with the new structure implemented from the 5th January 2026. Savings 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 an overall deficit balance for schools of £3.615 million. Officers continue to work with schools to bring this overall deficit down in 2026-27.
- SSW7 – Implementation of the Home remodelling programme across adult services (£198,000 shortfall). The saving has not been met in 2025-26 pending a review of the Support at Home service. The shortfall was met via one-off

efficiencies in 2025-26 from vacancies held across the service pending the review and the restructure being finalised in 2026-27.

- SSW8 – Reduction in the provision of number of Supported Living Accommodation units (£190,000 shortfall). It has been determined that this saving proposal is no longer deliverable and work is underway by the service to identify alternative budget savings to meet the shortfall. Updates will be provided to Cabinet in the 2026-27 revenue monitoring reports.

3.2.5 **Appendix 2** identifies the amount of savings achieved against these proposals in detail and action to be taken by the directorates to mitigate any shortfalls. Directors continue to work with their staff to deliver their proposals or alternatives and this is reflected in the outturn for the year.

3.2.6 As outlined in the Medium Term Financial Strategy (MTFS) reports to Cabinet and Council, MTFS Principle 7 states that “Savings proposals are fully developed and include realistic delivery timescales prior to inclusion in the annual budget. An MTFS Budget Reduction Contingency Reserve will be maintained to mitigate against unforeseen delays”. An MTFS Budget Reduction Contingency reserve was established in 2016-17. This reserve has been used to meet specific budget reduction proposals in previous years on a one-off basis pending alternative measures. It has not been used in 2025-26 to mitigate shortfalls as service areas were committed to identifying alternative one-off under spends in the service areas affected. This approach has also enabled the MTFS Budget Reduction Contingency reserve to be maintained for 2026-27 where the level of savings required to be made is £2.348 million.

### 3.3 **Commentary on the financial position at 31st March 2026**

#### **Financial position at 31st March 2026**

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 for 2025-26, including school delegated budgets, was £158.915 million and the actual outturn was £158.420 million, following a planned draw down of £161,000 from earmarked reserves, resulting in an under spend of £495,000.

The main variances are:

<b>EDUCATION, EARLY YEARS AND YOUNG PEOPLE DIRECTORATE</b>	<b>Net Budget</b>	<b>Actual Outturn</b>	<b>Actual Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Inclusion Group	8,824	9,647	823	9.3%
Home to School Transport	11,017	10,804	(213)	-1.9%
Catering	1,862	1,264	(598)	-32.1%
School Improvement	829	340	(489)	-59.0%

## Schools' delegated budgets

Total funding delegated to schools in 2025-26 was £126.441 million (including Post-16 grant funding of £7.714 million)

The schools' delegated budget is reported as balanced in any one year as any under spend or over spend is automatically carried forward into the new financial year, in line with Welsh Government legislation, before being considered by the Corporate Director - Education, Early Years and Young People in line with the requirements for managing surplus and deficit balances as set out in the Financial Scheme for Schools.

The year-end position for 2025-26 was:-

- Net overall school balances totalled a deficit balance of £619,000 at the start of the financial year. During 2025-26, school balances decreased by £2.996 million to a deficit balance of £3.615 million at the end of the financial year. This is an improved position from the projected deficit of £5.593 million reported at quarter 3. The position has improved due to additional grant funding of £2.395 million received from Welsh Government in the final quarter of 2025-26, including Local Authority Education Grant (LAEG) (£724,000), LAEG Standards (£451,000), Demand Led (£205,000), Equity (£732,000) and Reform (£281,000).
- Out of a total of 59 schools, there are 36 schools with a deficit balance (30 primary, 6 secondary and no special schools) and 14 schools (10 primary, 3 secondary, and 1 special) that have balances in excess of the statutory limits (£50,000 primary and £100,000 for secondary and special schools) in line with the School Funding (Wales) Regulations 2010. These balances will be analysed in line with the Council's agreed 'Guidance and Procedures on Managing Surplus School Balances'.
- 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 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 schools.
- A summary of the position for each sector and overall for 2025-26 is provided below:-

	<b>Balance brought forward</b>	<b>Funding allocated in 2025-26</b>	<b>Total Funding available</b>	<b>Actual Spend</b>	<b>Balance at year end</b>
	£'000	£'000	£'000	£'000	£'000
Primary	(744)	58,084	57,341	60,123	(2,782)
Secondary	351	61,739	62,090	63,071	(981)
Special	(226)	14,333	14,106	13,958	148
<b>Total</b>	<b>(619)</b>	<b>134,156</b>	<b>133,537</b>	<b>137,152</b>	<b>(3,615)</b>

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

The under spend for 2025-26 for the Central Education, Early Years and Young People Directorate was £495,000. This is compared to a projected under spend of £505,000 at quarter 3.

### **Inclusion Group**

- There is a net over spend of £823,000 in Inclusion Group budgets, which has increased by £520,000 from the projected net over spend of £303,000 reported at quarter 3. The main reason for the increased over spend is the repayment of historic grant income for Adult Community Learning (£204,000), a service that ceased in 2024-25. In addition, £280,000 of the Welsh Government (WG) ALN grant was allocated to specific schools during quarter 4 due to the significant demand for ALN support at schools.
- The service area has benefitted from Local Authority Education Reform Grant funding for additional learning needs (ALN) (£1.157 million), without which the net over spend in Inclusion Group budgets would be £1.980 million. Welsh Government have confirmed the ALN grant for 2026-27 will be £1.100 million.
- The main reason for the underlying over spend is that there continues to be significant demand for ALN support in schools resulting in an over spend of £590,000. This is an increase from the £303,000 over spend projected at quarter 3 and is due to demand continuing to increase. 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 2025 was 303, increasing to 345 during the summer term, 348 during the autumn term, and 357 in Spring 2026.
- Recoupment expenditure budgets over spent by £163,000. Whilst numbers have remained stable in inter-county recoupment placements, with 20 during summer term 2025, 18 during autumn term 2025 and 19 in spring 2026, there is an underlying pressure due to additional support being provided at Heronsbridge School and Ysgol Bryn Castell to mitigate further external placements. The costs for the support provided by the special schools alone were £603,000 in 2025-26 which has been partially offset by grant (£360,000). This approach prevents higher costs that would have been incurred with external providers.
- Recoupment income budgets under spent by £133,000. Numbers have remained fairly stable with 21 during summer term 2025, 20 during autumn term 2025 and 19 in spring 2026, however the complexity of the cases has increased requiring additional support.
- The net over spend has also been partly mitigated by staff vacancies held across Inclusion Group budgets (£131,000).
- The MTFS approved by Council for 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 an under spend of £213,000 on HtST, an increase of £49,000 from the projected under spend of £164,000 reported at quarter 3.
- The underlying under spend is as a result of achieving efficiencies in contracts throughout 2025-26.
- The 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, contracts will continue to be reviewed in order to meet the 2026-27 MTFS budget reduction proposal of £417,000.

#### Catering Services

- There is an under spend of £598,000 on Catering Services, compared to the projected under spend of £665,000 reported at quarter 3.
- The 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 MTFS approved by Council for 2026-27 to 2029-30 includes a £300,000 budget reduction for efficiencies in the Catering Services budget.
- The under spend takes into account the delay in the implementation of MTFS budget reduction EEYYP1 – Cessation of the meals at home service which has a shortfall of £65,000. The service has now ceased so no further costs should be incurred with the saving being made in full from 2026-27.

#### School Improvement

- There is an under spend of £489,000 across School Improvement budgets compared to a break-even position reported at quarter 3.
- The MTFS for 2025-26 included a budget pressure (EEYYP6) of £225,000 to support the transition and delivery of school improvement services within the local authority. A one-off increase to the WG LAEG Demand Led grant was received in 2025-26 to support the transition, resulting in a one-off under spend on this budget.
- The LAEG Cymraeg 2025 grant was also maximised in 2025-26 (£81,502).
- Any residual Central South Consortium balances are available for distribution to constituent local authorities in accordance with the 2016 legal agreement. BCBC received £74,146 in 2025-26.
- Additional grant funding has also been received from WG in quarter 4 – LAEG Standards Admin (£15,000), Welsh Professional Learning (£53,000) and LAEG Reform grant (£91,000).

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

The net budget for the Directorate for 2025-26 was £119.599 million and the actual outturn was £117.352 million following a planned draw down of £393,000 from earmarked reserves, resulting in an under spend of £2.247 million. This is compared to a projected under spend of £559,000 at quarter 3. The main reasons for the increase in under spend include maximisation of existing grants across the service including Children and Communities Grant - CCG (£846,000), Housing Support Grant - HSG (£539,000) and Pathways of Care Grant (£726,000). Without this additional funding, the Directorate would have under spent by £136,000.

The most significant variances for the directorate are :

<b>SOCIAL SERVICES AND WELLBEING DIRECTORATE</b>	<b>Net Budget</b>	<b>Actual Outturn</b>	<b>Actual Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Adult Social Care	79,075	77,830	(1,245)	(1.57%)
Prevention and Wellbeing	6,465	5,954	(511)	(7.90%)
Children and Family Services	34,059	33,568	(491)	(1.44%)

### **Adult Social Care**

There is a net under spend of £1.245 million on the Adult Social Care budget, an improvement of £131,000 from the £1.114 million under spend projected at quarter 3.

The most significant variances contributing to the under spend are:

<b>ADULT SOCIAL CARE</b>	<b>Actual Variance Over/(under) budget £'000</b>
Homes for Older People	664
Physical Disability/Sensory Impairment Home Care	221
Older People Home Care	59
Learning Disabilities Residential Care	40
Physical Disability/Sensory Impairment Residential Care	34
Mental Health Homecare	4
Older People Direct Payments	(14)
Mental Health Residential Care	(101)
Learning Disabilities Direct Payment	(177)
Learning Disabilities Homecare	(190)
Mental Health Supported Accommodation	(252)
Assessment and Care Management	(948)

- Homes for Older People – there is an over spend of £664,000 which has increased from the projected under spend of £154,000 at quarter 3. This is mainly due to increases in the number of residential and nursing placements being supported (£820,000) offset against increases in income received (£173,000). 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.

- Physical Disability/Sensory Impairment Home Care - there is an over spend of £221,000 which is comparable to the projected over spend of £216,000 at quarter 3. The over spend is based on the current demand for the service which is 100 packages of support (99 at quarter 3), and increased costs for existing placements, due to changing needs.
- Older People Home Care - there is an over spend of £59,000 which has increased from the projected under spend of £290,000 at quarter 3. The number of commissioned Independent Domiciliary care packages across the service area has increased from 628 at quarter 3 to 732 at quarter 4. For 2026-27 a budget pressure of £151,000 (SSW5 – Transition – Independent Domiciliary Care) has been approved by Council as part of the MTFS to address increasing demand.
- Learning Disabilities Residential Care – there is an over spend of £40,000 which has decreased from the £241,000 projected over spend at quarter 3. The main reason for the improved position is an additional £200,000 allocated from the Social Care Workforce grant, taking the overall allocation to £400,000. Without this grant funding the service area would have over spent by £440,000. For 2026-27 budget pressures of £250,000 (BBP2 – Adult Social Care pressures) and £800,000 (SSW4 – Transition – Learning Disabilities Residential) have been approved by Council which will contribute to mitigating the over spend and anticipated increases in demand.
- Physical Disability/Sensory Impairment Residential Care – there is an over spend of £34,000 which has decreased from the projected over spend of £111,000 at quarter 3 due primarily to an increase in residential contributions. The underlying over spend is due to higher placement numbers than budget.
- Mental Health Home care - there is an over spend of £4,000 which has increased from the projected under spend of £111,000 at quarter 3. The number of supported living placements have increased from 42 at quarter 3 to 50 at quarter 4.
- Older People Direct Payments - there is an under spend of £14,000 which has decreased from the projected under spend of £141,000 at quarter 3. This is due to an increase in the number of current packages of care to 82 (76 at quarter 3).
- Mental Health Residential Care – there is a projected under spend of £101,000 which is comparable to the projected under spend of £106,000 reported at quarter 3. Placement numbers (50) have remained the same as at quarter 3.

The 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.

- Learning Disabilities Direct Payments – there is an under spend of £177,000 across the Direct Payments budgets in this area which has decreased from the projected under spend of £222,000 at quarter 3. This is based on the current demand for packages of support of 146 (138 at quarter 3). Council approved a Budget Reduction proposal of £250,000 for 2026-27 (SSW6) for Direct Payment services across all adult groups to which this under spend will contribute towards.

- Learning Disabilities Homecare – there is an under spend of £190,000, which has improved since the projected over spend of £8,000 at quarter 3. This is due to increased staffing and running costs (£183,000), offset by the maximisation of Housing Support Grant in quarter 4 of £326,000.
- Mental Health Supported Accommodation – there is an under spend of £252,000 which has increased slightly from the projected under spend of £242,000 at quarter 3. This continues to be as a result of staffing vacancies within the service. Close monitoring of this under spend will continue into 2026-27 due to uncertainties in grant funding in this service area going forward.
- Assessment & Care Management – there is an under spend on directorate wide assessment and care management budgets of £948,000 which has increased from the projected under spend of £320,000 at quarter 3. This is mainly due to this area benefitting in total from an additional £769,135 of Pathways of Care grant income to maximise the grant while recruitment is being undertaken to core posts.

### **Prevention and Wellbeing**

- There is an overall under spend of £511,000 within Prevention and Wellbeing. The under spend increased by £319,000 from the projected under spend of £192,000 reported at quarter 3. This is primarily due to maximisation of the following grants – Children’s and Communities Grant (£238,000) and Regional Integration Fund (£28,000).
- The underlying reason for the 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. While £65,000 has been achieved the remainder will not be achieved unless there is a reduction in services.
- There is also a shortfall of £10,000 against the 2025-26 MTFS Saving Proposal SSW2 - redevelop the indoors bowls arena space.

### **Children and Family Services**

There is a net under spend of £491,000 on the Children and Family Services budget which is an improvement on the projected net over spend of £747,000 at quarter 3. The changed position is due primarily to maximisation of grant funding : Housing Support Grant (£213,000), Childrens and Communities grant (£608,000) and Social Care Workforce Grant (£275,000).

The most significant variances contributing to this under spend are:-

<b>CHILDREN AND FAMILY SERVICES</b>	<b>Actual Variance Over/(under) budget £'000</b>
Care Experienced Children	524
Commissioning & Social Work	(290)
Children and Families Support Service	(658)

- The over spend of £524,000 for Care Experienced Children is due to a combination of factors:-
  - The Independent Residential Care budget has an over spend of £603,000 which has decreased from the projected over spend of £936,000 at quarter 3. The quarter 3 projections were based on 27 care experienced children in independent residential care and this has remained the same at quarter 4. The reduction in the over spend is primarily due to additional Social Care Workforce Grant of £275,000 being allocated in quarter 4 due to continued pressures in this area due to the insufficiency of foster carer placements to meet children's needs. Work is progressing to enhance inhouse residential provision which is more cost effective than independent provision.
  - Children's Internal Residential Care has an over spend of £101,000 which is a decrease of £125,000 from the projected net over spend of £226,000 at quarter 3. While the over spend is mainly due to additional staffing to address the complexity of need of the children, the over spend has reduced since quarter 3 due primarily to the maximisation of the Eliminating Profit grant (£292,000).
  - Fostering - There is an under spend of £387,000 which is a decrease from the projected under spend in this area of £625,000 at quarter 3. This is primarily due to a reduction in the under spend on the Independent Fostering Agency (IFA) budget of £230,000 as placements have increased to 38 from 34 at quarter 3. Placements are anticipated to continue to increase and the budget will continue to be closely monitored in 2026-27. 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 an over spend of £282,000 which has decreased from the projected over spend of £526,000 at quarter 3. The pressure is due to increases in the number of placements (21 in quarter 4 of 2024-25 compared to 28 currently). The improved position at year end is primarily due to maximisation of HSG (£213,000). The MTFs 2026-27 to 2029-30 includes a £250,000 budget pressure (BBP3) towards the over spend for children's supported accommodation.
- Commissioning and Social Work – There is a under spend of £290,000 which has improved since the quarter 3 projected under spend of £55,000. The improved outturn position is mainly due to an increase in staffing under spends as a result of ongoing vacancies across teams (£186,000). In addition, there has also been maximisation of the Childrens and Communities grant (£129,000). There remains an over spend in care and support and placement costs across the service area of £287,000 which has increased from the projected over spend of £203,000 at quarter 3. The majority of this over spend relates to Care Experienced Children/care support spend such as court mandated drug testing, assessments, reports, travel and therapy costs over which the service has no discretion but to secure against a very limited budget. The service area will look to re-align budgets in quarter 1 of 2026-27 to address this over spend.

- Children and Families Support Service – There is an under spend of £658,000 which has improved from the £234,000 projected under spend reported at quarter 3. The improved year end position is due to maximisation of CCG grant funding (£402,000). The underlying under spend is due to ongoing vacancies across the team, the service area are actively looking to recruit to the vacant posts in 2026-27, therefore the saving should not be recurring in 2026-27.

### 3.3.3 Communities Directorate

The net budget for the Directorate for 2025-26 was £35.299 million and the actual outturn was £31.669 million following a planned draw down of £1.048 million from earmarked reserves, resulting in an under spend of £3.630 million. This is compared to a projected over spend of £119,000 at quarter 3.

The main reason for the improved position from quarter 3, as set out in the Medium Term Financial Strategy 2026-27 to 2029-30 report to Council on 25 February 2026, is due to the introduction of a UK Packaging Extended Producer Responsibility (pEPR) scheme 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. Payments have been received, funded by producers of packaging, calculated based on the net efficient disposal costs for each material type and for Bridgend County Borough Council in 2025-26 equated to £3.922 million. As a result, the MTFS 2026-27 to 2029-30 approved by Council did not include many budget pressures for the Communities Directorate as the pEPR funding has enabled the directorate to support pressures in their service areas from the waste budget funding it releases. This has included mitigating pressures in respect of fleet management, planning, additional waste collection and disposal requirements, both capital and revenue, and in respect of the circular economy. However, it is worth noting that some of the recurrent pressures may need reviewing in future years if the pEPR funding reduces significantly.

The main variances are:

<b>COMMUNITIES DIRECTORATE</b>	<b>Net Budget</b>	<b>Actual Outturn</b>	<b>Actual Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Fleet Services	597	597	0	0.00%
Highways Services	9,287	9,174	(113)	-1.22%
Waste Collection	7,119	4,026	(3,093)	-43.45%
Traffic & Transport	1,335	846	(489)	-36.63%
Parks, Playing Fields & Bereavement	2,805	3,127	322	11.48%
Corporate Landlord	3,842	3,423	(419)	-10.91%

#### Fleet Services

- There is a break even position on Fleet Services budgets compared to the projected over spend of £527,000 reported at quarter 3. The main reason for the improved position is due to a one off budget virement of £393,000 from core waste budgets as a result of their displacement by pEPR funding.
- 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 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 has been requested. An external review is now proceeding with the brief for the study having been finalised, with the detailed work to be completed over summer 2026.

#### Highway Services

- There is an under spend of £113,000 compared to the projected over spend of £339,000 at quarter 3. There is an under spend on street lighting energy of £101,000 as a result of the LED replacement scheme. The balance of the under spend is due to core funded staff being utilised to support work on capital schemes. In these cases, the salary costs can be capitalised, thus generating one-off income for the service area.

#### Waste Collection

- There is an under spend on waste collection of £3.093 million due primarily to the receipt of pEPR payments of £3.922 million in 2025-26.
- The receipt of the pEPR funding has enabled the directorate to support pressures in service areas from the waste budget funding it releases. As previously noted £393,000 has been utilised to mitigate pressures in Fleet Services. In addition, the funding has also been utilised to support specific staff working on the future of collection and recycling waste services.
- The underlying over spend on waste collection budgets was primarily due to a one off payment towards the increased National Insurance costs experienced by Plan B as a result of legislative change and £158,000 Prudential borrowing costs for the new waste collection vehicles.
- The balance of the pEPR funding has been set aside in an earmarked reserve (see 3.4.3) to mitigate pressures in respect of planning, additional waste collection and disposal requirements, both capital and revenue, and in respect of the circular economy.

#### Traffic and Transport

- There is an under spend of £489,000 which is a small increase from the projected under spend of £448,000 reported at quarter 3.
- 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 balance of the under spend is mainly due to maximisation of the Concessionary Fares grant funding (£30,000), staff vacancies (£30,000) and under spends on non-staffing budgets (£46,000).
- The MTFs approved by Council for 2026-27 to 2029-30 includes a £100,000 budget reduction for efficiencies in the Traffic and Transportation budget.

#### Parks, Playing Fields & Bereavement Services

- There is an over spend of £322,000 which has increased from the projected over spend of £17,000 at quarter 3.
- There was a budget reduction proposal in 2025-26 of £100,000 against Bereavement Services income (COM9). There has been an overall shortfall against this proposal of £70,000. This will have to be closely monitored in 2026-27.
- There has also been additional spend on grounds maintenance and repairs at cemeteries (£97,000). The MTFs 2026-27 to 2029-30 includes a budget pressure of £50,000 to support maintenance on cemeteries.
- The balance is primarily due to an over spend on maintenance budgets on Pavilions.

#### Corporate Landlord

- There is an under spend of £417,000 which is comparable to the projected under spend of £419,000 reported at quarter 3. This is primarily due to staff vacancies (£277,000) as the service continues to experience recruitment difficulties. Recruitment exercises continue to appoint to these posts and it is anticipated they will be filled in 2026-27.
- The balance of the under spend is primarily due to the productivity of the Major Projects team working on capital schemes and generating income for the service area (£83,000).

### 3.3.4 Chief Executive's

The net budget for the Directorate for 2025-26 was £26.333 million and the actual outturn was £26.042 million following a planned draw down of £584,000 from earmarked reserves, resulting in an under spend of £291,000. This is a reduction of £632,000 compared to the projected over spend of £341,000 reported at quarter 3. The main reason for the reduction in over spend is that additional grant has been confirmed since quarter 3 for ICT (Connecting Care grant - £336,000) and Housing and Homelessness (Ukrainian grant - £85,000, Leasing Scheme Wales - £150,000 and Afghan Resettlement grant - £80,000). Without this additional funding, the Directorate would have over spent by £360,000.

The main variances for the directorate are:

<b>CHIEF EXECUTIVE'S</b>	<b>Net Budget £'000</b>	<b>Actual outturn £'000</b>	<b>Actual Variance Over/(under) budget £'000</b>	<b>% Variance</b>
Business Support	997	877	(120)	-12.04%
Finance	4,432	4,653	221	4.99%
Housing and Homelessness	4,851	4,204	(647)	-13.34%
ICT	4,819	4,753	(66)	-1.37%
Partnerships	2,299	2,549	(250)	-10.87%

### Business Support

- There is an under spend of £120,000 across Business Support budgets which has increased since the £58,000 projected under spend reported at quarter 3.
- The main reasons for the improved position are the maximisation of the Childrens and Communities Grant (£25,000) and an increase in land charge registration fees (£24,000).

### Finance

- There is an over spend on Finance budgets of £221,000 which has improved since the projected over spend of £350,000 reported at quarter 3.
- There was a shortfall of £100,000 on Department for Work and Pension (DWP) subsidy contributions towards housing benefit payments in Bridgend compared to the projected shortfall of £133,000 at quarter 3. As previously reported, 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 MTFS approved by Council for 2026-27 to 2029-30 includes a budget pressure of £91,000 to mitigate this shortfall.
- There was also a shortfall of £67,000 on Court Cost income, a small improvement from the projected shortfall of £74,000 reported at quarter 3. The MTFS approved by Council 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.
- As previously reported there was a failure to implement an historic MTFS proposal - (CEX25 (2024-25) – Staff savings from Finance senior management team - £70,000. The MTFS approved by Council 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 other main reason for the improved position since quarter 3 is maximisation of the Connecting Care grant (£45,000).

### Housing and Homelessness

- There is a net under spend of £647,000 on Housing and Homelessness which is an improvement of £307,000 compared with the projected net under spend of £340,000 reported at quarter 3.
- The overall budget for Housing and Homelessness was 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 was also an increase of £970,000 due to transfers from Welsh Government into the settlement from previous grant funding.
- Actual spend on Homelessness accommodation in 2025-26 was £4.001 million which is comparable to the £4 million projected at quarter 3. 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 (£681,000 compared with £499,000 projected at quarter 3). The net impact is an over spend on accommodation of £104,000 (projected over spend of £227,000 at quarter 3).
- This has been offset by under spends on the Brynmenyn Homeless Centre (£162,000) and the four new Houses in Multiple Occupation (HMO) properties (£116,000) due to increases in Housing Benefit income.

- The service area has also benefited from grant funding - Afghan Relocation Resettlement (£149,000), Ukraine (£132,000), Asylum Seeker grant (£93,000) and Leasing Scheme Wales (£150,000).

### ICT

- There is an under spend of £66,000 across ICT budgets which has improved by £409,000 since the projected net over spend of £343,000 reported at quarter 3.
- The main reason for the improved position is the maximisation of the Welsh Local Government Association (WLGA) Connecting Care grant (£254,000). The grant is for the Connecting Care Social Care Programme and is being used by social care services across Wales to replace the current Social Services Client system with modern digital platforms. This grant allocation was only confirmed in quarter 4.
- There continues to be over spends due to MTFS saving proposals from 2024-25 and 2025-26 not being fully achieved. There is a shortfall of £75,000 against the 2024-25 proposal CEX 22 – Review of ICT services and a shortfall of £77,000 against the 2025-26 MTFS budget reduction proposal CEX 10 – Restructure of the ICT service.
- There is also an underlying over spend 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 (£135,000).
- The MTFS 2026-27 to 2029-30 approved by Council, includes £181,000 for this area to reinstate savings not achieved in respect of historic Budget Reduction Proposals and £177,000 for shortfalls in historic service level agreement income from schools which is no longer realised.

### Partnerships

- There is a net over spend of £250,000 across the Partnership budgets which has increased by £161,000 since the projected over spend of £89,000 reported at quarter 3.
- The increase in over spend is mainly due to spend within Transformation budgets on the Robotic Process Automatic pilot. The MTFS 2026-27 to 2029-30 approved by Council includes a £500,000 budget pressure for the development of a multi-skilled transformation team to take forward transformation across the Council.
- There was an over spend against Pest Control services of £23,345 which is due to the shortfall in the 2024-25 MTFS budget reduction proposal CEX 8 - Charging for PEST control services. This service provision ceased from 31<sup>st</sup> October 2025 and the residual budget of £3,950 will be absorbed within other Partnership budgets for 2026-27.
- There was an over spend against the CCTV budget (£79,000) mainly due to a reduction in income as a result of the contract with the Vale of Glamorgan ending. Council also approved a £250,000 Budget Reduction Proposal for 2026-27 (CEX1 – Review provision of the CCTV Service). The service is currently exploring options for contributions from South Wales Police or the Community Safety Partnership, or reducing the specification of live coverage to achieve this saving.

### 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 was £43.080 million and the actual outturn was £37.136 million, resulting in an under spend of £5.944 million.

The most significant variances were:-

<b>COUNCIL WIDE BUDGETS</b>	<b>Net Budget</b>	<b>Actual Outturn</b>	<b>Actual Variance Over/(under) budget</b>	<b>% Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Capital Financing	5,861	3,612	(2,249)	-38.37%
Insurance Premiums	1,363	857	(506)	-37.12%
Other Corporate budgets	6,998	4,121	(2,877)	-41.11%

#### Capital Financing

- The under spend of £2.249 million relates to additional interest from current investments. 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 be noted that this will not be a recurring under spend. As noted in the Treasury Management Quarter 3 Report 2025-26 to Cabinet in March 2026, 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.

#### Insurance Premiums

- There is an under spend of £506,000 on the insurance budget. This primarily relates to a reduction in the overall fund liability following a number of claims being repudiated or discontinued, particularly in relation to Japanese Knotweed, as well as those settled at a lower amount of claims won. The outturn for 2025-26 is considered to be a one-off under spend, as it is an adjustment to the fund liability provision required and has not impacted on the annual premiums, however the budget will continue to be reviewed going forward to determine if there are any permanent budget reduction opportunities.

### Other Corporate budgets

- The under spend of £2.877 million has reduced from the £6.326 million projected under spend reported at quarter 3. The main reason for the movement is the technical adjustment to the bad debt provision of £3.281 million. The bad debt provision adjustment is to offset non-payment risks across services like Council Tax and Sundry Debtors, both of which can be impacted by the cost of living crisis. For example, Council Tax arrears have increased by 12.5% since 2024-25, and 29.4% cumulatively since 2023-24. Close monitoring of debt levels will continue into 2026-27 given the ongoing cost of living crisis and the changes made by Welsh Government to the Council Tax collection framework from the 1st April 2026 to establish what it says will be a more equitable, transparent and effective approach to enforcing unpaid Council Tax.

The main areas contributing to the underlying under spend are:-

- Welsh Government provided a grant of £521,736 towards the teachers' pay award 2025-26 and £665,984 towards the National Joint Council (NJC) pay award 2025-26 which were not anticipated at budget setting.
- The confirmed pay award in 2025-26 for NJC workers 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 3.8% in September 2025, falling to 3.2% in November 2025 with a further fall to 2.8% in April 2026. 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 4 can be found in 3.1.12. There is ongoing uncertainty on cost increases in 2026-27 due to the tensions in the Middle East 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.

### **3.3.6 Council Tax Collection**

- The outturn for 2025-26 shows additional income of £773,814 has been collected compared to the budget (+0.59%). In respect of income collected from the levying of premiums on long term empty properties and second homes, £781,529 was collected from the premium charge for long-term empty properties and £160,937 was collected from premiums on second homes. Without this additional funding, the core Council tax collected in 2025-26 fell short of the budgeted income by £168,652.

### **3.4 Review of Earmarked Reserves**

- 3.4.1 The Council is required to maintain adequate financial reserves to meet the needs of the organisation. The MTFs includes the Council's Reserves and Balances Protocol which sets out how the Council will determine and review the level of its Council Fund balance and earmarked reserves. During 2025-26 Directorates drew down funding from specific earmarked reserves. The final draw down from revenue reserves was £2.186 million and is summarised in **Table 4** below. A more detailed breakdown of the movement on all reserves is outlined in **Appendix 4**.

**Table 4 – Revenue draw down from Earmarked Reserves during 2025-26**

	Draw down from Earmarked Reserves 2025-26 £'000
Education, Early Years and Young People	161
Social Services & Wellbeing	393
Communities	1,048
Chief Executives	584
<b>Total</b>	<b>2,186</b>

- 3.4.2 The net under spend position of £13.381 million for 2025-26, as set out in Table 1 has enabled new net earmarked reserves of £13.103 million to be created at year end along with a transfer of £278,000 to the Council Fund (see paragraph 3.4.5).
- 3.4.3 The most significant new earmarked reserves were:- £7.250 million to fund new capital projects and £3.200 million relating to the balance of the pEPR funding to mitigate pressures in respect of planning, additional waste collection and disposal requirements, both capital and revenue, and in respect of the circular economy.
- 3.4.4 **Table 5** below summarises the final position on all revenue useable reserves for the year, including the Council Fund. In addition there are currently £51.214 million of other earmarked reserves funding schemes within the capital programme.

**Table 5 – Summary of Movement on Revenue Earmarked Reserves 2025-26**

Opening Balance 01-Apr-25 £'000	Reserve	Movement at Quarter 4			Closing Balance 31 March 2026 £'000
		Additions £'000	Reclassification £'000	Drawdown/Unwound £'000	
10,008	<b>Council Fund Balance</b>	278	0	0	10,286
11,986	Corporate Reserves	2,000	(264)	(1,982)	11,740
7,577	Directorate Reserves	5,947	(37)	(1,774)	11,713
2,888	Equalisation & Grant Reserves	935	(45)	(273)	3,505
(619)	School Balances	0	0	(2,996)	(3,615)
<b>21,832</b>	<b>Total Earmarked Reserve</b>	<b>8,882</b>	<b>(346)</b>	<b>(7,025)</b>	<b>23,343</b>
<b>31,840</b>	<b>Total Useable Reserves</b>	<b>9,160</b>	<b>(346)</b>	<b>(7,025)</b>	<b>33,629</b>

- 3.4.5 In terms of financial reserves, the Council Fund balance has been increased by £278,000 and now represents 2.68% of the net revenue budget for 2025-26, or 4.0% of the net revenue budget excluding schools. As budgets incrementally increase annually, it is challenging to keep the Council Fund balance in line with MTFS Principle 9 which states that:-

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

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

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

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

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

#### **6. Climate Change 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 Council is recommended to:

- note the revenue outturn position for 2025-26.

**Background documents:** Individual Directorate Monitoring Reports