Meeting of:	**CORPORATE OVERVIEW AND SCRUTINY COMMITTEE**
Date of Meeting:	**27 JULY 2026**
Report Title:	**BUDGET MONITORING 2026-27 – QUARTER 1 REVENUE FORECAST**
Report Owner/ Responsible Chief Officer / Cabinet Member:	**CABINET MEMBER FOR FINANCE AND TRANSFORMATION** **CORPORATE DIRECTOR – FINANCE AND TRANSFORMATION**
Responsible Officer:	**EILISH THOMAS** **INTERIM GROUP MANAGER – BUDGET MANAGEMENT**
Policy Framework and Procedure Rules:	**As required by section 3 (budgetary control) of the Financial Procedure Rules; Chief Officers in consultation with the appropriate Cabinet Member are expected to manage their services within the approved cash limited budget and to provide the Chief Finance Officer with such information as is required to facilitate and monitor budgetary control.**
Executive Summary:	• **The net revenue budget for 2026-27 is £408.149 million. The overall projected position at 30th June 2026 is a net over spend of £606,000.** • **The projected over spend is primarily due to pressures within the Social Services and Wellbeing Directorate, and the Education, Early Years and Young People Directorate.** • **The budget approved for 2026-27 included budget reduction proposals totalling £2.348 million. The current position is a projected shortfall on the savings target of £536,000, or 22.83% of the overall reduction target.**

1. Purpose of Report

1.1 The purpose of this report is to provide the Corporate Overview and Scrutiny Committee with an update on the Council's revenue financial position as at 30th June 2026.

2. Background

2.1 On 25th February 2026, Council approved a net revenue budget of £408.149 million for 2026-27. As part of the Performance Management Framework, budget projections are reviewed regularly and reported to Cabinet on a quarterly basis. The delivery of agreed budget reductions is also kept under review and reported to Cabinet as part of this process.

3. Current situation / proposal

3.1 Summary financial position at 30th June 2026

3.1.1 The Council's net revenue budget and projected outturn for 2026-27 is shown in Table 1 below.

Table 1- Comparison of budget against projected outturn at 30th June 2026

Directorate/Budget Area	Original Budget 2026-27 £'000	Revised Budget 2026-27 £'000	Projected Outturn Q1 2026-27 £'000	Projected Over / (Under) Spend 2026-27 £'000	Projected Over / (Under) Spend Qtr 1 2025-26 £'000
Directorate					
Education, Early Years and Young People	163,622	163,690	164,401	711	(572)
Social Services and Wellbeing	124,237	124,207	125,709	1,502	626
Communities	36,825	36,955	36,705	(250)	(185)
Chief Executive's	28,724	29,080	28,733	(347)	858
Total Directorate Budgets	**353,408**	**353,932**	**355,548**	**1,616**	**727**
Council Wide Budgets					
Capital Financing	5,907	5,861	4,849	(1,012)	(87)
Levies	10,483	10,483	10,483	0	0
Apprenticeship Levy	869	869	869	0	92
Council Tax Reduction Scheme	17,804	17,804	17,955	151	221
Insurance Premiums	1,363	1,363	1,241	(122)	0
Repairs & Maintenance	670	670	670	0	0
Pension Related Costs	430	430	456	26	0
Other Council Wide Budgets	17,215	16,737	16,684	(53)	(55)
Total Council Wide Budgets	**54,741**	**54,217**	**53,207**	**(1,010)**	**171**
Total	**408,149**	**408,149**	**408,755**	**606**	**898**

3.1.2 The overall projected position at 30th June 2026 is a net over spend of £606,000 comprising £1.616 million net over spend on directorates and a net under spend of £1.010 million on Council wide budgets. A detailed analysis of the more significant projected under and over spends is set out in section 3.3.

3.1.3 The main financial pressures are currently in the Education, Early Years and Young People (EEYYP) Directorate and the Social Services and Wellbeing (SSWB) Directorate.

3.1.4 Council approved budget pressures of £6.608 million for the SSWB Directorate in February 2026 as part of the Medium Term Financial Strategy.

3.1.5 As noted in the revenue outturn report, reported to Cabinet in June 2026, there continues to be pressures in Older People and Physical Disability/Sensory Impairment services driven by the complexity of need and demand across these services. The Social Services Improvement Board is overseeing a number of actions to address the pressures in the adult services budget, including accelerating the work to transform Learning Disabilities.

3.1.6 The projected net over spend for the EEYYP Directorate is mainly due to continuing significant demand for Additional Learning Needs support at schools. The demand is high in particular for pupils requiring neurodevelopmental, behavioural, communication and complex medical support.

3.1.7 It is too early in the financial year to provide a realistic indication of projected council tax income for this financial year, and whether the Council is likely to see a reduction in council tax income over the 2026-27 financial year as more people have suffered financial hardship due to the cost of living crisis, or whether additional income will be collected from council tax premiums on empty properties and second homes. A 1% reduction in the council tax income collection rate could result in an additional pressure to the Council of around £1 million. Council tax collection rates will be monitored continuously throughout the year and reported accordingly.

Budget virements/technical adjustments

3.1.8 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 2026. The budget position is reported on the assumption that these virements will be approved.

3.1.9 The main virements and technical adjustments are outlined below:

Budget Virements

Service vired from / to	Amount
One off transfer of funding from Corporate Contingency to the Chief Executive’s Directorate for one off costs associated with moving and storing BCBCs Modern.gov data into the cloud environment	£12,567
One off transfer of funding from Corporate Contingency to the Chief Executive’s Directorate for Emergency Planning business review and training	£20,000
One off transfer of funding from Corporate Contingency to the Chief Executive’s Directorate for the procurement of Policy in Practice’s Low-income Family Tracker (LIFT) – a data analysis tool which can be used to improve take-up of entitlement to means-tested devolved and reserved benefits.	£33,000
Transfer of part of budget pressure approved by Council in February 2026 – SSW8 – from Social Services and Wellbeing	£30,000

Service vired from / to	Amount
Directorate to the Chief Executive’s Directorate to support veterans in local communities	
Transfer of funding from the Capital Financing budget to the Communities Directorate to cover the cost of prudential borrowing for highways maintenance schemes.	£46,235

Technical Adjustments

Service vired from / to	Amount
Transfer of inflationary uplifts not confirmed when the Medium Term Financial Strategy was agreed that are held centrally until evidence of the uplift is provided by the service areas (detailed in paragraph 3.1.11).	£126,859
Allocation of funding retained centrally in respect of Soulbury pay award - full year effect adjustment in 2026-27.	£49,820
Allocation of funding retained centrally in respect of the financial implications of the Independent Remuneration Panel for Wales Annual Report	£100,709

Pay/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 provision has been retained centrally within Council wide budgets, to be allocated as further information is known about specific contractual price increases. Amounts released during quarter 1 are shown in 3.1.9 and mainly relate to uplifts to ICT software budgets in line with the Consumer Price Index (CPI) increase.

3.1.11 There are ongoing discussions regarding pay claims for Teachers’ pay from September 2026 onwards and National Joint Council (NJC) workers for 2026-27. The total salary bill for the Council is around £230 million so every 1% average increase in pay costs the Council an additional £2.3 million.

3.1.12 Inflation rates have decreased slightly from 3.0% when the budget was set to 2.8% in May 2026. However, the end of February saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply and there is uncertainty over its impact on inflation going forward. Inflation is expected to rise, but how quickly and by how much depends on how long commodity prices remain elevated. There is a risk that there may not be sufficient funding available within these budgets for any unexpected major pay/price inflation increases. With this uncertainty the budget will need to be monitored closely during the remainder of the year.

Budget Reduction Proposals

3.1.13 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 £2.348 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.

3.1.14 In February 2026 Council approved the Medium Term Financial Strategy for 2026-27 to 2029-30. This identified the need to develop recurrent budget reduction proposals, based on the most likely scenario, amounting to £32.740 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.

3.1.15 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 2026-27. 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 23rd June 2026. In the report it was highlighted that there were £2.823 million of prior year budget reduction proposals that were not met in full, with a total outstanding balance to be met of £889,000. In addition, of the 2025-26 budget reduction proposals of £8.379 million, it was reported that there was a total outstanding balance to be met of £1.134 million. Directors have been asked to identify if any of these proposals are still not likely to be achieved in full during the 2026-27 financial year, and to identify mitigating actions that will be undertaken to achieve them. All remaining outstanding prior year budget reductions are summarised in **Appendix 1** with a summary per directorate provided in Table 2.

Table 2 – Outstanding Prior Year Budget Reductions

	Total Budget Reductions Required	**Total Budget Reductions Likely to be Achieved**	**Shortfall**
DIRECTORATE /BUDGET REDUCTION AREA	**£'000**	**£'000**	**£'000**
Education, Early Years and Young People	548	434	114
Social Services and Wellbeing	815	263	552
Communities	570	451	119
Chief Executives	1,016	886	130
TOTAL	**2,949**	**2,034**	**915**

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 £2.949 million outstanding reductions, £2,034 million is likely to be achieved in 2026-27 leaving a shortfall of £915,000. Proposals still not likely to be achieved include:

- EDFS19 – Communication and Relationships Team (£114,000 shortfall). High demand for service may be difficult to meet the saving. Will be closely monitored throughout the year with alternative savings having to be identified by the Directorate if shortfall is not reduced.
- SSW13 (2024-25) Council to reduce its investment into cultural services (£295,000 shortfall). The shortfall will be covered by earmarked reserve funding in 2026-27 whilst the long term plan to achieve the shortfall is explored for the saving to be met in 2027-28. Work is currently underway to review the current contract.
- SSW2 (2025-26) Redevelop the indoor bowls arena space and explore redevelopment for other purposes that offer increased income generation (£10,000 shortfall). It has been determined that this saving proposal is no longer deliverable. Work is underway by the service to identify alternative budgets for this proposal to be offset against with updates provided to Cabinet in future revenue monitoring reports.
- SSW8 (2025-26) – Reduction in provision of number of Supported Living Accommodation units (£190,000 shortfall). It has been determined that this saving proposal is no longer deliverable. Work is under way to identify alternative budgets for this proposal to be offset against. Updates will be provided in future revenue monitoring reports.
- SSW13 (2025-26) – Removal of Safeguarding Capacity (£57,000 shortfall). Recent reviews across Wales have demonstrated the need to strengthen corporate safeguarding responsibilities. Therefore work is under way to identify alternative budgets for this proposal to be offset against with updates to be provided to Cabinet in future revenue monitoring reports.
- CEX23 (2024-25) – review the provision of Partnerships and Customer Services (£61,000 shortfall). Delays in confirmation of funding with the Public Services Board (PSB) resulted in a shortfall against this savings target in 2025-26. The Service are continuing to follow up with the PSB and further updates will be provided in future revenue monitoring reports.

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 2026-27

3.2.4 The budget approved for 2026-27 included budget reduction proposals totalling £2.348 million, which is broken down in **Appendix 2** and summarised in Table 3 below. The current position is that £378,000 has been achieved to date with £1.812 million projected to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £536,000, or 22.83% of the overall reduction target.

Table 3 – Monitoring of Budget Reductions 2026-27

	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	717	105	481	236
Social Services and Wellbeing	1,041	198	1,031	10
Communities	340	75	300	40
Chief Executive's	250	0	0	250
TOTAL	**2,348**	**378**	**1,812**	**536**

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

- EEYYP1 – Review of Home to School Transport (£236,000 shortfall). The new Home to School Transport Policy was implemented on 1 September 2025. The efficiency savings are ongoing and contracts have been adjusted to take into account the change of eligibility for pupils. Close monitoring of the projected spend on this budget will continue throughout 2026-27 with further updates provided to Cabinet in future monitoring reports.
- CEX1 – Review provision of the CCTV service (£250,000 shortfall). Discussions are underway with partners to explore the potential financial contributions, but nothing agreed yet. Updates will be provided to Cabinet in future revenue monitoring reports.

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

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

3.3 Commentary on the financial position at 30th June 2026

Financial position at 30th June 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 **<u>Education, Early Years and Young People Directorate</u>**

The net budget for the Education, Early Years and Young People Directorate, including school delegated budgets, for 2026-27 is £163.690 million. Current projections indicate an over spend of £711,000 at year end. The main variances are:

EDUCATION, EARLY YEARS AND YOUNG PEOPLE DIRECTORATE	Net Budget £'000	Projected Outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
Inclusion Group	9,532	10,060	528	5.54%
Home To School Transport	10,471	10,707	236	2.25%
Catering Services	1,669	1,645	(24)	-1.44%

<u>Schools' delegated budgets</u>

Total funding delegated to schools at quarter 1 in 2026-27 is £130.551 million.

The schools' delegated budget is reported as balanced as any under spend or over spend is automatically carried forward into the new financial year before being considered by the Corporate Director - Education, Early Years and Young People in line with the 'Guidance and Procedures on Managing Surplus School Balances'. The Financial Scheme for Schools requires schools to obtain permission from both the Corporate Director – Education, Early Years and Young People and the Section 151 Officer to set a deficit budget. Schools with deficits of greater than £50,000 in a primary school or greater than £150,000 in a secondary or special school are requested to attend termly support and challenge meetings with senior Local Authority officers. In addition, any unplanned deficits that occur within the financial year due to unforeseen circumstances must be reported as soon as they become known to the school.

Total school balances decreased by £2.996 million during 2025-26 to a negative balance of £3.615 million at the end of the financial year. At the start of 2026-27, projections indicate an overall deficit balance for school delegated budgets of £6.529 million at year end. There are 40 primary schools, 5 secondary schools and 1 special school (78% of all schools) projecting a deficit balance (£7.611 million) at year end. There are 8 primary schools, 2 secondary schools and 1 special school (19% of all schools) projecting a surplus balance (£1.082 million) at year end. 2 secondary schools (3% of all schools) are projecting a breakeven position.

<u>Central Education, Early Years and Young People Directorate budgets</u>

<u>Inclusion Group</u>

- There is a projected net over spend of £528,000 across Inclusion Group budgets compared to a net over spend of £823,000 in 2025-26.
- Council approved £800,000 in budget growth for 2026-27 to support Additional Learning needs pressures. This included £181,000 which has been allocated to the Early Years budget to support Early Years ALN pressures (Early Years budgets

form part of the Early Years and Young People service and does not sit under the Inclusion Group budget heading), £385,000 was allocated against ALN pressures in Heronsbridge and £234,000 to support additional resource bases in schools.

- BCBC has been awarded an ALN grant of £1.1 million in 2026-27 (£1.157 million in 2025-26). This is being utilised to support the work of the Communication and Relationships Team (CART) Ancillary Support Service. This Service provides 1 to 1 support for children with additional learning needs where there are no places available in special schools in order to prevent high cost external placements. Despite the support of the grant, the CART service is projecting an over spend of £341,000 due to the complexity of support provided and the use of agency staff to meet the increase in demand.
- The projected over spend on the CART service demonstrates continuing significant demand for ALN support at schools. The demand is high in particular for pupils requiring neurodevelopmental, behavioural, communication and complex medical support. The number of pupils supported in the spring term was 357, decreasing to 322 in the summer term. Whilst the number of pupils supported may have decreased the number of hours of support provided remains high due to the complexity of support required.
- Recoupment expenditure is projecting an over spend of £194,000 compared to an over spend of £163,000 in 2025-26. This is despite the additional budget growth of £250,000 approved by Council as part of the MTFS. The summer term projections are based on 22 Out of Authority placements compared with 19 in Spring 2026, with additional mainstream support costs being funded, including 16 at Ysgol Bryn Castell and 6 Heronsbridge additional 1 to 1 support. This approach prevents higher costs than would have been incurred with external providers.

Home-to-school transport (HtST)

- There is a projected over spend of £236,000 on the HtST budget at quarter 1.
- Whilst the revenue outturn report for 2025-26 highlighted a £213,000 under spend on the HtST budget the MTFS for 2026-27 has a budget reduction of £417,000 against the HtST budget.
- The saving is linked to the new Home to School Transport policy that was implemented on 1st September 2025. As noted in Appendix 2 it is currently anticipated that this will be partly achieved in 2026-27 with current projections indicating a shortfall of £236,000. The budget will require close monitoring as we progress through the year.

Catering Services

- Catering Services is projecting an under spend of £24,000 compared with the under spend of £598,000 reported in 2025-26.
- Council approved an MTFS budget reduction proposal for 2026-27 of £300,000 against the Catering budget which is projected to be achieved in full.
- 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 provision of UPFSM in 2026-27 will continue to be monitored closely as we progress through the year.
- There is a projected over spend on the Free Breakfast Initiative budgets of £82,000 due to more demand for the service including uptake by additional schools.

3.3.2 **Social Services and Wellbeing Directorate**

The Directorate's net budget for 2026-27 is £124.207 million. Current projections indicate an over spend of £1.502 million at year end.

Council approved budget pressures of £6.608 million for 2026-27 as part of the Medium Term Financial Strategy (MTFS). These included £3 million - implications of Real Living Wage uplifts on commissioned contracts, £1.498 million - Childrens Services Residential Homes, £800,000 - Transition Learning Disabilities Residential, £250,000 - Adult Social Care residential pressures, £250,000 - Children's Supported Accommodation, £250,000 – Directorate Wide Accommodation Unit similar to the school modernisation team, £183,000 - Community Sports Development and £151,000 - Transition Independent Domiciliary Care.

As noted in the revenue outturn report, there continues to be pressures in Older People and Physical Disability/Sensory Impairment services driven by the complexity of need and demand across these services. The Social Services Improvement Board is overseeing a number of actions to address the pressure in the adult services budget, including accelerating the work to transform learning disabilities.

The most significant variances for the directorate are:

SOCIAL SERVICES AND WELLBEING DIRECTORATE	Net Budget £'000	Projected Outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
Adult Social Care	81,966	83,694	1,728	2.11%
Prevention and Wellbeing	6,161	6,062	(99)	-1.61%
Childrens and Family Services	36,080	35,953	(127)	-0.35%

Adult Social Care

There is a projected net overspend of £1.728 million on the Adult Social Care budget.

The most significant variances contributing to the over spend are:

ADULT SOCIAL CARE	Projected Variance Over/(under) budget £'000
Older People Home care	1,878
Physical Disability/Sensory Impairment Homecare	213
Learning Disabilities Day Opportunities	122
Mental Health Residential Care	121
Learning Disabilities Residential Care	(138)
Mental Health Supported Accommodation	(216)
Homes for Older People	(288)

- Older People Homecare – there is a projected over spend of £1.878 million within this area compared to an over spend of £59,000 in 2025-26. During 2025-26 there was an increase in placements throughout the year, from 628 at quarter 3 up to 732 at year end. These placements have increased further in quarter 1 of 2026-27 up to 749. The projected over spend reflects the impact of these additional placements for a full 12 months in 2026-27. The service area is undertaking an exercise to help address trends and to mitigate against further pressures and updates will be provided in future revenue monitoring reports.

- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £213,000 which is comparable to the £221,000 over spend reported in 2025-26. This continues to be based on the current demand for the service (92 packages of support) and increased costs for existing placements, due to changing needs.

- Learning Disabilities Day Opportunities – there is a projected over spend of £122,000 compared to an under spend of £80,000 in 2025-26. External day services and associated transport costs are projecting to over spend by £219,000 due to the current volume of demand for the service. There is also an MTFS saving proposal (SSW7 – review of day opportunity placements) of £50,000 which is not yet achieved. This has been offset by a £100,000 under spend at Bridgend Resource Centre due to staff vacancies.

- Mental Health Residential Care – there is a projected over spend of £121,000 compared to the £101,000 under spend reported in 2025-26. While placement numbers have remained the same as at quarter 4 in 2025-26 there has been an increase in the costs for existing placements due to changing needs.

- Learning Disabilities Residential Care – there is a projected under spend of £138,000 compared to the £40,000 over spend in 2025-26. The outturn for 2025-26 included an allocation of £400,000 from the Social Care Workforce grant, without which the service would have over spent by £360,000. Council approved £1.050 million budget pressures as part of the 2026-27 MTFS - BP2 – increased costs due to changing needs and SSW4 – increased demand for high cost residential care for young people with complex needs transitioning to adult social care at 18.

- Mental Health Supported Accommodation – there is a projected under spend of £216,000 compared to an under spend of £252,000 in 2025-26. This is a result of ongoing staffing vacancies within the service. Close monitoring of this under spend will continue throughout 2026-27 due to the uncertainties in grant funding in this service area going forward.

- Homes for Older People – there is a projected under spend of £288,000 compared to an over spend of £664,000 in 2025-26. This is primarily due to projected under spends on external residential nursing placements due to increases in client contributions (£76,000) and joint financing (£337,000). 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.

Children and Family Services

There is a projected net under spend of £127,000 on the Children and Family Service budget. The most significant variances contributing to this overspend are noted in the table below: -

CHILDREN AND FAMILY SERVICES'S	Projected Variance Over/(under) budget £'000
Commissioning & Social Work	111
Management & administration	112
Care Experienced Children	(83)
Children and Families Support Service	(200)

- Commissioning and Social Work – There is a projected over spend of £111,000 compared to an under spend of £289,000 in 2025-26. The movement from the under spend reported in 2025-26 is due to the service area receiving one off Childrens and Communities grant (£129,000) in 2025-26 and staff vacancies giving rise to £186,000 further under spend. The 2026-27 projected over spend is due to care support and placement costs across the service area – the majority of which relate to Care Experienced Children (£221,000).

- Management & Administration – there is a projected over spend of £112,000 This is primarily due to the 2025-26 MTFS Saving SSW13 – Removal of Safeguarding Capacity - projected not to be achieved (£57,000) with the balance due to increased staffing costs due to interim sickness cover arrangements and historic vacancy control MTFS savings also not being achieved in the service.

- The projected under spend position of £83,000 for Care Experienced Children has improved from the £524,000 over spend reported in 2025-26. This is mainly due to the £1.748 million budget pressure approved by Council for 2026-27 (BB3 - £250,000 for supported accommodation and SSW1 - £1.498 million for new Children's residential homes to support the Council's Placement Commissioning Strategy). The projected under spend is due to a combination of factors:-

    - The Independent Residential Care budget has a projected over spend of £460,000 (2025-26 - £603,000 over spend). This is based on the same number of care experienced children currently in independent residential placements compared with the end of 2025-26 (27 placements). 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 under spend of £383,000 compared to an over spend of £101,000 in 2025-26. Council approved a £1.498 million budget pressure for 2026-27 linked to the opening of two additional Children's residential homes. The under spend is mainly due to vacancies across the service pending the homes being opened later in the year.

- Fostering - There is a projected under spend in this area of £307,000 which is comparable to the £387,000 under spend in 2025-26. This is mainly due to under spends on general fostering based on 83 current placements. Cabinet approved the implementation of a revised Special Guardianship Order Financial Policy on 19 May 2026 and that the under spend within Fostering budgets would meet any additional costs arising from the revised model. Overall, the revised approach is financially sustainable and represents an invest-to-save model with the potential to reduce longer-term costs through increased permanence, reduced reliance on higher-cost placements and improved placement stability.

- Children's Supported Living – There is a projected over spend of £281,000 which is comparable to the £282,000 over spend reported in 2025-26. While this area benefitted from one off Housing Support grant in 2025-26 this is not anticipated for the current financial year. However Council approved £250,000 budget pressure to support with ongoing demands in this area. Placement numbers have remained at 28.

- Children and Families Support Service – There is projected under spend of £200,000 in this area. This is due to a projected under spend of £37,000 on staffing and £110,000 on running costs across the service while a review of the service is progressed.

3.3.3 **Communities Directorate**

The net budget for the Directorate for 2026-27 is £36.955 million. The current projection is an anticipated under spend of £250,000. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget £'000	Projected Outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
Traffic and Transport	1,330	1,070	(260)	-19.55%
Parks, Playing Fields and Bereavement	4,370	4,505	135	3.09%
Corporate Landlord	3,636	3,511	(125)	-3.44%

Traffic and Transport

- There is a projected under spend of £260,000 across Traffic and Transport budgets compared to the reported under spend of £489,000 in 2025-26. The under spend in 2025-26 was due to temporary income raised from Salt Lake Car Park, maximisation of grant funding, staff vacancies and under spends on non-staffing budgets.
- Council approved a MTFS budget reduction of £100,000 for 2026-27 relating to the provision of Car Parking. This is anticipated to be achieved in full.

- The projected under spend is based on similar projections for car park income to that achieved in 2025-26, recognising that the Council continues to benefit from the temporary income raised from the Salt Lake Care Park in Porthcawl. This will be closely monitored as we progress through the year.

Parks, Playing Fields and Bereavement

- There is a projected over spend of £135,000 on Parks, Playing Fields and Bereavement budgets. This is primarily due a projected shortfall on Bereavement Services income budgets. As set out in Appendix 1, there is a projected shortfall against the 2025-26 MTFS budget reduction proposal based on a projected reduction in demand for burials. This will be closely monitored as we progress through the year and further updates provided to Cabinet in future monitoring reports.

Corporate Landlord

- There is a projected under spend of £125,000 against Corporate Landlord budgets. This has reduced from the £277,000 under spend reported in the revenue outturn report for 2025-26. The under spend is primarily due to staff vacancies as the service continues to experience recruitment difficulties. Recruitment exercises are ongoing and it is anticipated that the vacant posts will be appointed to and there will be a reduction in the staffing under spend for 2026-27.

3.3.4 **Chief Executive's**

The net budget for the Chief Executive Directorate for 2026-27 is £29.080 million. Current projections anticipate an under spend against this budget of £347,000. The main variances are:-

CHIEF EXECUTIVE'S	Net Budget £'000	Projected outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
Partnerships	3,596	3,905	309	8.59%
ICT	5,234	5,161	(73)	-1.39%
Legal, Democratic and Regulatory Services	6,707	6,864	157	2.34%
Housing & Homelessness	4,944	4,295	(649)	-13.13%

Partnerships

- There is a net projected over spend of £309,000 across Partnerships budgets, compared to an over spend of £250,000 in 2025-26. This is mainly due to a projected over spend against the CCTV budget of £317,000.
- Council approved a £250,000 budget reduction for 2026-27 (CEX1) as part of the Medium Term Financial Strategy for the CCTV service area which is not yet achieved. The service is seeking financial support from Partners (i.e. South Wales Police), which has not yet been confirmed. In addition there is a reduction in

projected income because of the contract for CCTV services with the Vale of Glamorgan ending as reported in the revenue outturn for 2025-26 (£71,000).

ICT

- There is a projected net under spend of £73,000 across ICT budgets which is comparable to the £66,000 net under spend for 2025-26.
- The Medium Term Financial Strategy for 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. These were mitigated in 2025-26 with maximisation of one off Connecting Care grant of £254,000.
  The current projected under spend is mainly due to projected under spends on ICT software costs.

Legal, Democratic and Regulatory Services

- There is a projected net over spend of £157,000 across Legal Services compared to an under spend of £38,000 for 2025-26.
- There are over spends projected on Shared Regulatory Services which is due to a projected under achievement of income (£80,000) from taxi and other licensing services and the Registrars Service (£61,000) due to a reduction in Registration Fee income based on current demand (Appendix 1 sets out a shortfall of £29,000 against CEX 12 (2024-25) – Increased income from Registrars' Ceremonies).
- Council approved £274,000 Budget Pressure for this area as part of the Medium Term Financial Strategy, including BP8 - £58,000 – shortfall on income against property transactions, S106 Agreements and Highway Agreements, CEX2 - £36,000 – ongoing support for Elected Members on digital initiatives, CEX3 - £50,000 – capacity in Democratic Services to assist with policy advice, support and development, CEX4 - £65,000 – capacity for internal legal services to support S106 agreements and CEX14 - £65,000 – planning lawyer. There is a small projected under spend against the budget growth due to the timing of recruitment to these posts (£25,000).

Housing & Homelessness

- There is a projected net under spend of £649,000 on Housing & Homelessness which is comparable to the £648,000 revenue outturn position for 2025-26.
- The Medium Term Financial Strategy for 2026-2027 approved an additional £150,000 for Housing Services, to increase the staffing capacity within the service to deal with the level of referrals to ensure individuals are not waiting for the support required. There is currently a £167,000 projected under spend on salaries, pending a review of the service.
- The projected spend on Homelessness accommodation in 2026-27 is £4 million, which is comparable to the outturn position for 2025-2026. As well as the core budget for 2026-27 (£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 (£680,000). The net impact is a projected over spend on accommodation of £46,000.
- There are projected under spends on the Brynmenyn Homeless Centre (£162,000) and the four new Houses in Multiple Occupation (HMO) properties (£127,000) relating to increases in Housing Benefit income.
- The service are also maximising grant funding from the Leasing Scheme Wales grant (£134,000).

- Further projected under spends include grant funding received for Asylum Seekers(£116,000).

3.3.5 **Council Wide budgets**

This section includes budgets, provisions and services which are council wide, and not managed by an individual directorate. The net budget for 2026-27 is £54.217 million. Current projections anticipate an under spend against this budget of £1.010 million. The main variances are:-

COUNCIL WIDE BUDGETS	Net Budget £'000	Projected Outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
Capital Financing	5,861	4,849	(1,012)	-17.27%
Council Tax Reduction Scheme	17,804	17,955	151	0.85%

Capital Financing

- There is currently a projected under spend of £1.012 million on the Capital Financing budgets which relates to projected additional interest from current investments. This is a reduction compared with the under spend reported in 2025-26 of £2.249 million, due to the uncertain trajectory for interest rates in 2026-27 as whilst interest rate reductions are expected, the timing of these are uncertain and are subject to economic factors, in particular the position of inflation against the Bank of England's 2% target.

Council Tax Reduction Scheme

- There is currently a projected over spend of £151,000 on the Council Tax Reduction Scheme. This is a demand led budget and take-up is difficult to predict. The projected take-up for 2026-27 is higher than in 2025-26 when the gross spend in this budget area was £17.018 million. This is partly due to the increase in council tax in 2026-27 of 4.7%, plus work undertaken by the Benefits Team to ensure citizens are aware of and claiming the benefits they are entitled to. The budget will be closely monitored in 2026-27 as there could be additional calls on the scheme with the ongoing cost of living crisis with the potential for an increase in the number of benefit claimants.

Other Council wide budgets

- As referred to in paragraph 3.1.11 and 3.1.12, due to the ongoing discussions regarding pay claims and the risk on price inflation increases, at this point in the financial year, it is prudent to assume that the majority of Other Council wide budgets will be fully spent by the year end. Close monitoring of these budgets will be required for the remainder of 2026-27 with further updates provided in future revenue monitoring reports.

3.3.6 **Earmarked Reserves**

Earmarked reserves will continue to be thoroughly reviewed by Corporate Management Team (CMT) during 2026-27, including assessments of the draw down profile and re-profiling of existing earmarked reserves. Where earmarked reserves are identified to be unwound, these will be used to fund emerging risks for the Council as a whole during 2026-27. Further detail will be provided on the outcome of CMT reviews in future revenue monitoring reports.

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

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

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

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

6. Climate Change and Nature Implications

6.1 There are no direct implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no direct implications arising from this report.

8. Financial Implications

8.1 These are reflected in the body of the report.

9. Recommendations

9.1 The Committee is recommended to note the projected revenue position for 2026-27.

Background documents: Individual Directorate Monitoring Reports