

Meeting of:	CORPORATE OVERVIEW AND SCRUTINY COMMITTEE
Date of Meeting:	22 OCTOBER 2026
Report Title:	BUDGET MONITORING 2026-27 – QUARTER 2 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 September 2026 is a net over spend of £628,000 (0.15% of the net revenue budget). • The overall projected net over spend is mainly due to pressures within Adult Social Care in the Social Services and Wellbeing Directorate, and in the Additional Learning Needs budget in 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 £290,000, or 12.35% of the overall reduction target.

1. Purpose of Report

- 1.1 The purpose of this report is to provide Corporate Overview and Scrutiny Committee with an update on the Council's revenue financial position as at 30th September 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.
- 2.2 Following Council approving an update to the Senior Management Structure in November 2025 with the view to the new structure being fully rolled out and implemented throughout 2026, there have been some changes to the structure of Directorates. The previous Chief Executive Directorate has been renamed Corporate Services and now includes; Chief Executive Unit, Performance and Workforce, Legal, Democratic and Regulatory Services, Electoral Services, and Communications, Marketing and Corporate Policy. A new directorate has been created called Finance and Transformation to include Finance, Transformation, Partnerships, Customer Services and Engagement, ICT and Business Support. Housing and Homelessness has moved from the Chief Executive Directorate to the Social Services and Wellbeing Directorate to strengthen prevention and early intervention by bringing housing, homelessness, adult social care, and wellbeing services closer together, and improve support for vulnerable residents, particularly people experiencing homelessness, older people, people with disabilities, care leavers, and those with complex needs. Details of the service budget transfers related to these changes are included in Section 3.10. Section 3.3 of the report sets out the main variances under the new Directorates.

3. Current situation / proposal

3.1 Summary financial position at 30th September 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 September 2026

Directorate/Budget Area	Original Budget 2026-27 £'000	Revised Budget 2026-27 £'000	Projected Outturn Q2 2026-27 £'000	Projected Over / (Under) Spend 2026-27 £'000	Projected Over / (Under) Spend Qtr 1 2026-27 £'000
Directorate					
Education, Early Years and Young People	163,622	163,781	164,258	477	711
Social Services and Wellbeing	124,237	130,338	133,194	2,856	1,502
Communities	36,825	37,094	36,595	(499)	(250)
Chief Executive's	28,724	0			(347)
Corporate Services		10,278	10,202	(76)	0
Finance and Transformation		13,897	14,294	397	0
Total Directorate Budgets	353,408	355,388	358,543	3,155	1,616
Council Wide Budgets					
Capital Financing	5,907	5,861	3,429	(2,432)	(1,012)
Levies	10,483	10,483	10,483	0	0
Apprenticeship Levy	869	869	869	0	0
Council Tax Reduction Scheme	17,804	17,804	17,806	2	151
Insurance Premiums	1,363	1,363	1,240	(123)	(122)
Repairs & Maintenance	670	670	670	0	0
Pension Related Costs	430	430	457	27	26
Other Council Wide Budgets	17,215	15,281	15,280	(1)	(53)
Total Council Wide Budgets	54,741	52,761	50,234	(2,527)	(1,010)
Total	408,149	408,149	408,777	628	898

3.1.2 The overall projected position at 30th September 2026 is a net over spend of £628,000 comprising £3.155 million net over spend on directorates and a net under spend of £2.527 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 During quarter 2, pay awards for 2026-27 were agreed for Joint Negotiating Committee (JNC) Chief Officers, National Joint Council (NJC) employees along with Soulbury employees. Further details on these are included in paragraph 3.1.10. Due to timing of the agreement of the NJC pay award, budget virements for directorate and school NJC employees will be actioned at the start of quarter 3 and will be set out in the next quarterly update to Cabinet.

3.1.4 The main financial pressures are currently in the Additional Learning Needs budget within the Education, Early Years and Young People (EEYYP) Directorate and Adult Social Care within the Social Services and Wellbeing (SSWB) Directorate.

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

3.1.6 As noted in the quarter 1 report reported to Cabinet in July 2026, there continues to be pressures across Adult Social Care driven by the complexity of need and

demand across these services. The department is overseeing a number of actions to address the pressure in the adult services budget, including a programme to manage the increasing demand for specialist accommodation (residential care /supported living for people with a learning disability/mental health need) and homecare for older people.

- 3.1.7 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.
- 3.1.8 It is too early in the financial year to provide a realistic indication of projected council tax income for this financial year, and whether the Council is likely to see a reduction in council tax income over the 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

- 3.1.9 There have been a number of budget virements and technical adjustments between budgets since the Medium Term Financial Strategy (MTFS) was approved by Council in February 2026. The budget position is reported on the assumption that these virements will be approved.
- 3.1.10 The main virements and technical adjustments are outlined below:

Budget Virements

Service vired from / to	Amount
Transfer of Finance, Transformation, Partnerships, ICT, Business Support and Customer Engagement service budgets from the Chief Executive Directorate to the new Finance and Transformation Directorate. (See Section 2.2)	£13,897,235
Transfer of HR, Legal Democratic & Regulatory, Elections, Comms Marketing & Corp Policy and Chief Executive service budgets from the Chief Executive Directorate to the newly named Corporate Services Directorate. (See Section 2.2)	£10,277,711
Transfer of Housing & Homelessness budgets from the Chief Executive Directorate to the Social Services & Wellbeing Directorate. (See Section 2.2)	£4,944,080
One off transfer of funding from Corporate Contingency to the Social Services and Wellbeing Directorate for one off costs associated with essential ICT Network Upgrades for staff within Health Sites.	£33,230
One off transfer of funding from Corporate Contingency to the Corporate Services Directorate to support costs associated with a Corporate Brand Refresh.	£10,000

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).	£1,279,827
Allocation of funding retained centrally in respect of Soulbury pay award for 2026-27 with effect from September 2026.	£32,279
Allocation of funding retained centrally in respect of the Joint Negotiating Committee (JNC) pay award for 2026-27 for Chief Officers – confirmed June 2026	£101,790

Pay/Price Inflation

- 3.1.11 When the budget was set, very little funding was allocated to directorates for pay and price inflation, as most had not been determined for the forthcoming year. The majority of the provision has been retained centrally within Council wide budgets, to be allocated as further information is known about specific contractual price increases. Amounts released during quarter 2 are shown in 3.1.10 and include £715,901 increase to Homes for Older People budgets, £397,616 for Prevention and Wellbeing contracts (Halo) and £38,370 for Home To School Transport contracts in line with the Consumer Price Index (CPI) increase.
- 3.1.12 There are ongoing discussions regarding pay claims for Teachers' pay from September 2026 onwards. Updates will be provided in future revenue monitoring reports.
- 3.1.13 Inflation rates were 3.0% when the budget was set, increasing to 3.3% in March 2026. Whilst we saw a reduction to 2.6% in June 2026, there was an increase back up to 3.1% in July 2026. The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict has 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

- 3.1.14 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.
- 3.1.15 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.

- 3.1.16 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	406	142
Social Services and Wellbeing	815	263	552
Communities	570	443	127
Chief Executives	1,016	886	130
TOTAL	2,949	1,998	951

Note: The total budget reductions required in Table 2 represents the full original budget reduction targets. The budget reductions have been maintained under their original Directorate titles as approved by Council.

3.2.2 **Table 2** shows that of the £2.949 million outstanding reductions, £1.998 million is likely to be achieved in 2026-27 leaving a shortfall of £951,000. Proposals still not likely to be achieved (>£100,000) include:

- EDF519 (2024-25) – Communication and Relationships Team (£142,000 shortfall). A review of CART ancillary support is underway with the aim to delegate some funding and responsibility to schools from April 2027. It is anticipated that this will reduce the high level of over spend in this area. In the meantime this 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 of the remaining £295,000 will be covered by earmarked reserve funding for 2026-27. The work commissioned through Counterculture will support this process over the coming months and will help inform both the future direction of the partnership and the level of investment required so a recommendation can be made to Members regarding the £295,000 saving associated with the partnership remains within the Council's Medium Term Financial Strategy. Reconsideration of this position would need to be informed by the development of the Council's cultural strategy, Awen's role in delivering that strategy, and the agreed performance outcomes within the refreshed partnership agreement. An update will be provided in future 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. A review of budgets is being progressed to identify alternative budgets for this proposal to be offset against. 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 £806,000 has been achieved to date with £2.058 million projected to be achieved by year end, leading to an overall projected shortfall on the savings target by year end of £290,000, or 12.35% 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	319	637	80
Social Services and Wellbeing	1,041	292	1,031	10
Communities	340	177	340	0
Chief Executive's	250	18	50	200
TOTAL	2,348	806	2,058	290

Note: The total budget reductions required in Table 2 have been maintained under their original Directorate titles as approved by Council.

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

- CEX1 – Review provision of the CCTV service (£200,000 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. Savings have been made elsewhere in the service i.e. staff vacancies to offset.

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 September 2026

Financial position at 30th September 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 Directorate, including school delegated budgets, for 2026-27 is £163.781 million. Current projections indicate an over spend of £477,000 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	9,549	9,998	449	4.71%
Home to School Transport	10,509	10,589	80	0.76%
Catering Services	1,669	1,580	(89)	(5.32%)

Schools' delegated budgets

Total funding delegated to schools 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.

At the start of 2026-27, projections indicated an overall deficit balance for school delegated budgets of £6.529 million at year end. At quarter 2 this has slightly increased to a projected deficit of £6.537 million. There are 39 primary schools, 6 secondary schools and 1 special school (78% of all schools) projecting a deficit balance (£7.672 million) at year end. There are 9 primary schools, 3 secondary schools and 1 special school (22% of all schools) projecting a surplus balance (£1.135 million) at year end. This information is set out in **Appendix 4**.

Central Education, Early Years and Young People Directorate budgets

Inclusion Group

- There is a projected net over spend of £449,000 across Inclusion Group budgets compared to a projected net over spend of £528,000 at quarter 1.
- The main reason for the projected over spend is the number of pupils requiring additional support which has increased from 357 in quarter 1 to 391 in quarter 2.
- Bridgend County Borough Council (BCBC) has been awarded an Additional Learning Needs (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, a specialist early years ALN Officer and specialist Post-16 ALN teacher. The CART Service provides one-to-one support for children with ALN where there are no places available in special schools in order to prevent high-cost external placements.
- Despite the support of the grant, Schools ALN budgets are projected to over spend by £282,000 the majority of which relates to the CART service which is projecting an over spend of £357,000 (£341,000 at quarter 1), 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 is partly mitigated by staffing vacancies (£75,000) – these posts have mostly been recruited to from September 2026.
- 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.
- Cabinet approved a consultation exercise in September 2026 to increase the number of Learning Resource Classes (LRC) across Bridgend to ensure that pupils with ALN, where needs cannot be met in mainstream school, are fully supported. This proposal is in response to the increasing number of pupils who have complex ALN who require a more specialist setting for their learning needs to be met. In 2025-26 Council approved budget growth of £370,000 towards supporting an increasing number of pupils being referred for support and specialist provision. Council approved a further £800,000 in 2026-27 towards ALN pressures, of which £211,000 is proposed to be used to support the LRC proposals. The combined budget growth is sufficient to meet the cost of the proposed provision, including the six new LRCs and associated set-up costs.
- Recoupment expenditure is projecting an over spend of £330,500 compared to a projected over spend of £194,000 at quarter 1. This is despite the additional budget growth of £250,000 approved by Council as part of the MTFS. The Autumn term projections are based on 28 Out of Authority placements compared with 22 in Summer 2026, with additional mainstream support costs being funded, including additional one-to-one support Ysgol Bryn Castell (17) and Heronsbridge School (6). This approach prevents higher costs than would have been incurred with external providers.
- Recoupment income has a projected surplus of £138,000 in quarter 2 (£71,000 at quarter 1). Recoupment income pupil numbers have increased from 24 in the Summer term to 27 in the Autumn Term.

Home-to-school transport (HtST)

- There is a projected over spend of £80,000 on the HtST budget at quarter 2 compared to £236,000 at quarter 1.

- With the new academic year starting in September, a thorough review is completed and the contracts reflect the new pupil numbers that will vary from the summer term as there will have been both new starters and leavers in all schools.
- 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 £80,000. The budget will require close monitoring as we progress through the year.

Catering Services

- Catering Services is projecting an under spend of £89,000 compared with the under spend of £24,000 reported at quarter 1.
- This small change is due to additional Universal Credit Free School Meal grant administration income.
- 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 continues to be a projected over spend on the Free Breakfast Initiative budgets of £88,000 compared to the £82,000 at quarter 1, due to increased 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 £130.338 million. As referenced in 3.1.10 this includes the £4.944 million Housing and Homelessness budget which has transferred across from the former Chief Executive's directorate during quarter 2. Current projections indicate an over spend of £2.856 million at year end compared to the quarter 1 projected over spend of £1.502 million.

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 - Children's 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.

There continues to be pressures in Adult Social Care services driven by the complexity of need and demand across these services. The department is overseeing a number of actions to address the pressure in the adult services budget, including a programme to manage the increasing demand for specialist

accommodation (residential care /supported living for people with a learning disability/mental health need) and homecare for older people.

The 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	82,662	86,057	3,395	4.11%
Prevention and Wellbeing	6,559	6,448	(111)	(1.69%)
Childrens and Family Services	36,173	36,450	277	0.77%
Housing and Homelessness	4,944	4,239	(705)	(14.26%)

Adult Social Care

There is a projected net over spend of £3.395 million on the Adult Social Care budget which is an increase of £1.667 million from the £1.728 million projected over spend at quarter 1.

The most significant variances contributing to the over spend are:

ADULT SOCIAL CARE	Projected Variance Over/(under) budget £'000
Older People Homecare	2,245
Homes for Older People	415
Mental Health Residential Care	342
Learning Disabilities Home Care	236
Physical Disability/Sensory Impairment Home Care	213
Learning Disabilities Day Opportunities	120
Mental Health Supported Accommodation	(212)

- Older People Homecare – there is a projected over spend of £2.245 million within this area compared to a projected over spend of £1.878 million at quarter 1. There has been an increase in the actual hours of care provided to Bridgend residents by independent domiciliary care providers between quarter 1 and quarter 2 – there were 9,850 hours of care being delivered to Bridgend residents at the end of quarter 1, which has increased to 10,235 hours at the end of quarter 2. There are underlying demographic pressures contributing to the increase in care and support at home but also significant pressures in the health and social care system,

including regular business continuity declared by the Health Board over the last 18 months. The need to discharge people rapidly from hospital has resulted in a lower proportion of people benefitting from reablement services which maximise their independence, and can mitigate and reduce the need for long term care. Adult social care has adjusted pathways so unless there are exceptional circumstances everyone will be supported via reablement services prior to the commissioning of long term care and support.

- There will also be a focus on reviewing new packages of support to 'right sizing' within 6 weeks and the development of a live dashboard to track demand and expenditure.
- Homes for Older People - there is a projected over spend of £415,000 at quarter 2 compared with a projected under spend of £288,000 at quarter 1. The movement is mainly due to an increase in the number of external residential and nursing placements being supported (355 at quarter 1 compared to 362 at quarter 2). BCBC remains in the lowest quartile in Wales for use of residential care. It is also linked to the level of client contributions in both our internal and external residential homes which have reduced by £242,000 during quarter 2.
- 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.
- There is also a projected over spend of £227,000 on staffing within our internal residential homes following workforce challenges in Ty Cwm Ogwr. Agency cover has been required to cover both sickness absences and a number of vacancies within the service.
- Mental Health Residential Care – there is a projected over spend of £342,000 compared to the £121,000 projected over spend reported at quarter 1. There has been an increase of 5 placements since quarter 1. This increase is linked to the new Welsh Government Mental Health Strategy and increasing numbers of individuals being assessed as being in a position to step down from hospital accommodation. Enhanced governance and professional oversight has been implemented but this remains an area of significant risk.
- Learning Disabilities Home Care – there is a projected over spend of £236,000 compared to a projected over spend of £73,000 at quarter 1. This is primarily due to an increase of 9 individuals requiring domiciliary care.
- Physical Disability/Sensory Impairment Home Care - there is a projected over spend of £213,000 which is the same as the projected position at quarter 1. This continues to be based on the current demand for the service (90 current packages of support) and increased costs for existing placements, due to changing needs.
- Learning Disabilities Day Opportunities – there is a projected over spend of £120,000 which is comparable with the projected over spend reported at quarter 1 (£122,000). External day services and associated transport costs are projecting to over spend by £218,000 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 projected £71,000 under spend at Bridgend Resource Centre due to staff vacancies.

- Mental Health Supported Accommodation – there is a projected under spend of £212,000 which is comparable with the projected under spend at quarter 1 of £216,000. This is as 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.

Prevention and Wellbeing

There is a projected under spend of £111,000 which is comparable to the projected £99,000 under spend at quarter 1. The main reason for the projected under spend is staff vacancies.

Children and Family Services

There is a projected net over spend of £277,000 on the Children and Family Service budget compared with the projected net under spend of £127,000 at quarter 1. The most significant variances contributing to this over spend are noted in the table below: -

CHILDREN AND FAMILY SERVICES	Projected Variance Over/(under) budget £'000
Care Experienced Children	501
Commissioning & Social Work	115
Children and Families Support Service	(375)

- There is a projected over spend of £501,000 for Care Experienced Children which has increased since the projected under spend of £83,000 at quarter 1. The projected over spend is due to a combination of factors:-
 - The Independent Residential Care budget has a projected over spend of £764,000 (quarter 1 projected over spend £460,000). This is based on 25 independent residential placements compared with 24 at quarter 1. 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 £393,000 which is comparable to the projected net under spend of £383,000 at quarter 1. Council approved a £1.498 million budget pressure for 2026-27 linked to the opening of two additional Children's residential homes. The projected 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 £380,000 compared to the £307,000 projected under spend reported in quarter 1. 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 £496,000 which has increased from the £281,000 projected over spend reported at quarter 1. This is due to two new high cost placements starting since quarter 1. There are plans in place to review these care packages with the aim of them stepping down before the end of the year. While this area benefitted from one off Housing Support grant in 2025-26 it is not clear if this will be available for the current financial year. However Council approved £250,000 budget pressure to support with ongoing demands in this area.
- Commissioning and Social Work – There is a projected over spend of £115,000 which is comparable to the projected over spend of £111,000 reported in quarter 1. The main reason for the projected over spend is due to increases in care support and placement costs across the service area – the majority of which relate to Care Experienced Children (£319,000). These have been partly mitigated by staff vacancies in this area (£257,000).
- Children and Families Support Service – There is a projected under spend of £374,000 in this area compared to the projected under spend of £200,000 reported at quarter 1. The underlying projected under spend is due to under spends on staffing budgets and running costs across the service while a review of the service is progressed. The improved position is due to confirmation of Children and Communities grant funding allocated since quarter 1 (£121,000).

Housing & Homelessness

- There is a projected net under spend of £705,000 on Housing & Homelessness compared to the net projected under spend of £649,000 at quarter 1.
- The increase in the projected under spend is due to a projected £93,000 increase in rental income generated through the Houses in Multiple Occupation (HMO).
- The projected spend on Homelessness accommodation in 2026-27 is £4 million, which is unchanged from what was projected at quarter 1. As well as the core budget for 2026-27 (£3.274 million) the service has also seen an increase in rental income for tenants who have been supported with homelessness accommodation - projected to receive £681,000 in rental income in 2026-27. The net impact is a projected under spend on accommodation of £7,000.
- There are projected under spends on the Brynmenyn Homeless Centre (£181,000) and the four new Houses in Multiple Occupation (HMO) properties (£176,000) relating to increases in Housing Benefit rental income.
- Further projected under spends include grant funding received for Asylum Seekers (£60,000) and maximisation of grant for Leasing Scheme Wales (£103,000).

- The balance of the under spend relates primarily to under spends on staffing budgets whilst a review of the service is being completed following its transfer to the Social Services and Wellbeing Directorate. The review is anticipated to be completed during quarter 3.

3.3.3 **Communities Directorate**

The net budget for the Directorate for 2026-27 is £37.094 million. The current projection is an anticipated under spend of £499,000 compared with the projected under spend of £250,000 at quarter 1. The main variances are:

COMMUNITIES DIRECTORATE	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Traffic and Transport	1,330	1,068	(262)	(19.70%)
Parks, Playing Fields and Bereavement	4,511	4,784	273	6.15%
Corporate Landlord	3,531	3,209	(322)	(9.10%)
Engineering Services	167	57	(110)	(65.87%)

Traffic and Transport

- There is a projected under spend of £262,000 across Traffic and Transport budgets compared to the projected under spend of £260,000 at quarter 1.
- 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 £273,000 on Parks, Playing Fields and Bereavement budgets compared to the projected over spend of £135,000 at quarter 1.
- There is a projected shortfall on Bereavement Services income budgets (£52,000). As set out in **Appendix 1**, there is a projected shortfall of £55,000 against the 2025-26 MTFs budget reduction proposal based on a projected reduction in demand for burials.
- The balance is primarily due to a projected over spend on maintenance budgets on cemeteries and pavilions.

Corporate Landlord

- There is a projected under spend of £322,000 against Corporate Landlord budgets compared to the projected under spend of £125,000 at quarter 1.
- There is a projected under spend of £192,000 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 2027-28.
- There is also a projected under spend of £99,000 against the Capital Design and Delivery Team due to the level of fee earning jobs undertaken by the teams.

Engineering Services

- The projected under spend of £110,000 within Engineering Services is primarily due to an increase in the level of fee earning jobs (grant funded/non grant funded projects) and the differing chargeable rates allowed on the schemes.

3.3.4 Corporate Services

The net budget for the Corporate Services Directorate for 2026-27 is £10.277 million. Current projections anticipate an under spend against this budget of £76,000. The main variances are:-

CORPORATE SERVICES	Net Budget £'000	Projected outturn £'000	Projected Variance Over/(under) budget £'000	% Variance
Legal, Democratic and Regulatory Services	6,658	6,678	20	0.30%
Performance and Workforce	2,176	2,093	(83)	(3.82%)

Legal, Democratic and Regulatory Services

- There is a projected net over spend of £20,000 across Legal, Democratic and Regulatory Services which has improved since the projected over spend of £157,000 reported at quarter 1. The main reason for the improved projection is due to an anticipated reduction in spend for legal expert fees for 2026-27 (£135,000) due to the timing of support required on specific cases being deferred from 2026-27 to 2027-28.
- There continues to be over spends projected on Shared Regulatory Services (£100,000) which is primarily due to a projected under achievement of income from taxi and other licensing services (£80,000). The Registrars Service is also projecting a shortfall 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).
- These have been partly mitigated by under spends on staffing budgets due to staff vacancies.

Performance and Workforce

- There is a projected net under spend of £83,000 across Performance and Workforce. This is primarily due to a projected under spend on the Apprentice budget (£71,000) due to current vacancies.

3.3.5 Finance and Transformation

The net budget for the Finance and Transformation Directorate for 2026-27 is £13.897 million. Current projections anticipate an over spend against this budget of £397,000. The main variances are:-

FINANCE AND TRANSFORMATION	Net Budget	Projected outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Customer Services & Engagement	1,176	1,480	304	25.90%
Finance	4,778	4,971	146	4.06%

Customer Services & Engagement

- There is a projected over spend of £304,000 across this service area. This is mainly due to a projected over spend against the CCTV budget of £322,000.
- Council approved a £250,000 budget reduction for 2026-27 (CEX1) as part of the Medium Term Financial Strategy for the CCTV service area. **Appendix 2** sets out a shortfall of £200,000 against this proposal. 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).

Finance

- There is a projected over spend of £146,000 at quarter 2 which is an increase of £102,000 from the £44,000 projected over spend at quarter 1.
- The main reason for the movement is a reduction to the projected Housing Benefit over payment recovery. Recovery has been dropping in recent years as a result of the caseload reduction and the volume of claimants migrating over to Universal Credit (£100,000).
- The balance of the projected over spend relates to the staffing budget linked to cover arrangements for staff absences.

3.3.6 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 £52.761 million. Current projections anticipate an under spend against this budget of £2.527 million. The main variances are:-

COUNCIL WIDE BUDGETS	Net Budget	Projected Outturn	Projected Variance Over/(under) budget	% Variance
	£'000	£'000	£'000	
Capital Financing	5,861	3,429	(2,432)	(41.50%)
Insurance Premiums	1,363	1,240	(123)	9.03%

Capital Financing

- There is currently a projected under spend of £2.432 million on the Capital Financing budgets which primarily relates to projected additional interest from current investments. This is an increase compared with the projected under spend reported in quarter 1 of £1.012 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.

Insurance Premiums

- There is currently a projected under spend of £123,000 on the Insurance Premiums budget due to a refund on the PFI insurance which occurs every other year.

Other Council wide budgets

- As referred to in paragraph 3.1.12 and 3.1.13, 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.

3.4 Earmarked Reserves

3.4.1 The cumulative revenue draw down by directorates is £1.420 million as shown in **Table 4** below. The majority of the draw down from earmarked reserves takes place in the later stages of the financial year, especially on capital and grant funded schemes. In addition, school balances are not adjusted until the year end – an overall draw down in year of £2.922 million from school balances is currently projected, which would continue to leave a negative balance to be managed by the Council.

Table 4 – Usable Revenue Earmarked Reserves (Excluding Council Fund) – Quarter 2

Opening Balance 01 Apr 2026 £'000	Reserve	Net Additions/ Reclassification £'000	Draw-down £'000	Unwound £'000	Closing Balance Oct 2026 £'000
	Corporate Reserves:				
1,911	Asset Management Reserves	600	(58)	-	2,453
1,830	Major Claims & Insurance Reserves	-	-	-	1,830
1,893	Service Reconfiguration	-	-	-	1,893
2,136	Change Management/Digital Transformation	-	(27)	-	2,109
500	Economic and Future Resilience Fund	-	-	-	500
3,163	Other Corporate Reserves	(600)	-	-	2,563
11,433	Total Corporate Reserves	-	(85)	-	11,348
	Directorate Reserves:				
2,399	Education, Early Years and Young People	-	(357)	-	2,042
1,810	Social Services & Wellbeing	104	(363)	-	1,551
5,211	Communities	(36)	(68)	-	5,107
1,603	Finance & Transformation	(11)	(91)	-	1,501
690	Corporate Services	-	(104)	-	586
11,713	Total Directorate Reserves	57	(983)	-	10,787
	Equalisation & Grant Reserves:				
258	Education & Family Support	-	-	-	258
80	Social Services & Wellbeing	8	(49)	-	39
2,810	Communities	36	(303)	(93)	2,450
357	Finance & Transformation	(8)	-	-	349
3,505	Equalisation & Grant Reserves:	36	(352)	(93)	3,096
(3,615)	School Balances	-	-	-	(3,615)
23,036	TOTAL RESERVES	93	(1,420)	(93)	21,616

- 3.4.2 In addition to the usable revenue reserves in **Table 4**, there is currently £51.214 million of other earmarked reserves funding schemes within the capital programme.

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

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

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

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

6. Climate Change and Nature Implications

- 6.1 There are no direct implications arising from this report.

7. Safeguarding and Corporate Parent Implications

- 7.1 There are no direct implications arising from this report.

8. Financial Implications

- 8.1 These are reflected in the body of the report.

9. Recommendations

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

Background documents: Individual Directorate Monitoring Reports