



## **CABINET**

**FOLLOWING CABINET SCRUTINY COMMITTEE  
WEDNESDAY, 1<sup>ST</sup> MARCH 2023**

**MULTI-LOCATION MEETING – COUNCIL CHAMBER PORT TALBOT  
AND MICROSOFT TEAMS**

**ALL MOBILE TELEPHONES TO BE SWITCHED TO SILENT FOR THE  
DURATION OF THE MEETING**

### **Webcasting/Hybrid Meetings:**

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### **Part 1**

1. Appointment of Chairperson
2. Chairpersons Announcement/s
3. Declarations of Interest
4. Public Question Time  
Questions must be submitted in writing to Democratic Services, [democratic.services@npt.gov.uk](mailto:democratic.services@npt.gov.uk) no later than noon on the working day prior to the meeting. Questions must relate to items on the agenda. Questions will be dealt with in a 10 minute period.
5. 2023/24 Revenue Budget Proposals (*Pages 3 - 88*)

6. Capital Strategy and Capital Programme 2023/2024 to 2025/2026  
(Pages 89 - 108)
7. Treasury Management Strategy, Annual Investment Strategy, and  
Minimum Revenue Provision Policy (Pages 109 - 130)
8. Urgent Items  
Any urgent items (whether public or exempt) at the discretion of the  
Chairperson pursuant to Statutory Instrument 2001 No. 2290 (as  
amended).

**K.Jones**  
**Chief Executive**

**Civic Centre**  
**Port Talbot**

**Thursday, 23 February 2023**

**Cabinet Members:**

Councillors. S.K.Hunt, S.A.Knoyle, N.Jenkins, D.M.Peters, J.Hurley,  
S.Harris, J.Hale, A.Llewelyn, W.F.Griffiths and S.Jones

## Neath Port Talbot County Borough Council

### Cabinet

### Report of the Corporate Directors Group

1<sup>st</sup> March 2023

#### **Matter for decision**

#### **Wards affected – All**

#### **2023/24 Revenue budget proposals**

#### **Purpose of Report**

To seek Cabinet approval for the proposed Council 2023/24 revenue budget including investment in services, investments from reserves, budget solutions and proposed council tax levels.

The report also seeks to agree a set of principles for setting fees and charges for Council services in 2023-24.

#### **Background**

Neath Port Talbot County Borough Council's ("the Council") net revenue budget requirement for 2022/23 totals £338m and when grants and income are taken into account, this means the Council's gross budget invests over c£500m in services across the County Borough.

Every year, the Council has a duty to consult and set a budget for the provision of services. This report details the proposed 2023/24 revenue budget. A separate report, setting out the proposed Council capital programme for 2023/24 to 2026/27, is also presented for members' approval at today's meeting.

On the 5th January 2023, Cabinet approved a public consultation process on the draft budget for 2023/24, including a proposed 4.5% increase in Council Tax; investment from general reserves of £3.5m; a contribution from specific reserves of £1.4m to part fund the cost of

indoor leisure services; and a proposition to review fees and charges in line with inflation - a working assumption being that all fees and charges would increase by 10% in 2023-24.

Circa. 1,000 people participated in the public consultation exercise and the feedback received has been carefully considered to further develop the budget options. This report now sets out the final revenue budget proposals for 2023-24 for consideration by the Cabinet.

## **Strategic Context**

The Public Sector has faced a sustained period of real term reductions in funding levels for over ten years with Neath Port Talbot Council securing reductions in the revenue budget of circa £90 million in real terms since 2008. As well as finding genuine efficiencies and economies in the cost of services and functions, as has been the case in other councils, the scale of austerity measures imposed by the UK Government has also seen deep cuts in services and jobs, particularly in those services delivered under discretionary powers.

When the Council set its budget for 2022/23, it appeared that the immediate future looked more settled. An increase in funding through the Local Government Settlement of 8.8% for 2022/23 followed by indicative allocations of 3.5% for 2023/24 and 2.4% for 2024/25 meant that for the first time in a long time, the Council had an idea of the resources available to it for a three year period and could plan with a greater degree of certainty.

As a result of the 8.8% settlement, the Council was able to target investment at the recovery plans that were developed in 2021-22 and did not consider it necessary to increase council tax in 2022-23 to fund Council services. The Council was also able to allocate £2 million into a specific reserve to address the developing concerns at the time around cost of living.

However, within weeks of agreeing the 2022/23 budget, Russia invaded Ukraine and what has unfolded since has materially changed our operating environment.

Energy prices and energy security are having major impacts across Europe and more widely. We estimate energy costs for the Council to rise by 150% from April 2023 (circa. £8million if maintained for the entire

financial year). Inflation has already reached levels not seen since the 1980's which is feeding through in terms of contract and other costs as well as contributing to a cost of living crisis across all of our communities. The UK Government has increased the National Living Wage (NLW) by 10% and is set to increase the NLW by a similar degree in 2023-24. The Welsh Government has, additionally, committed to providing funding to enable at least the Real Living Wage to be paid to care workers across Wales.

The combined impact of the pandemic and Brexit has also had a mixed impact across our local economy. Ongoing supply chain disruptions are adding to cost pressures.

Income levels have been impacted by the pandemic too with many residents having made significant changes to their lifestyles during the pandemic period – this is particularly affecting theatres, car parks and leisure services where the number of paying customers is yet to return to pre-pandemic levels.

Furthermore, the labour market is far more competitive with post-pandemic unemployment rates at very low levels and more employers seeking to fill jobs than there are people looking for work. This is placing pressure on recruitment and retention with consequential implications for pay and our wider employment offer.

On a positive note, the county borough is also seeing an unprecedented level of investor interest from existing and new investors. Whilst the level of investor interest is very welcome, this is placing considerable pressure on Planning, Economic Development and other regulatory services.

To complete the general overview, good progress has been made in implementing various policy initiatives set out in the Programme for Government and the associated Plaid Cymru/Labour Co-operation Agreement in 2022-23. For example, the roll out of free school meals in primary schools; and the expansion of the free childcare offer. Good progress has also been made in progressing priorities established by the Rainbow Coalition including: the allocation of additional capital funds to improve the public realm; commencing a review of the decision to re-organise education in the Swansea Valley; the submission of four substantial bids to the Levelling Up and Shared Prosperity funds; supporting the progress of major inward investment interests at Afan

Valley and Dulais Valley; and submitting a collaborative bid for a Freeport.

## **Executive Summary**

During the three week public consultation period 966 responses were received from members of the public. A summary of these responses is included at Appendix 8 of this report.

As a result of the consultation responses, the following changes to the Draft Budget are proposed for the Cabinet to consider:

### Council Tax

In relation to council tax there is no change to the proposed increase of 4.5%. However, in light of the consultation responses a number of additional mitigating actions are proposed namely:

- A two-year expansion of two welfare benefits advisors in the Welfare Rights Service, helping more residents to maximise their income through benefits advice;
- Further streamlining of internal assessment arrangements – ultimately ensuring that residents are advised of their total entitlement to help and support through a ‘tell us once’ model of service;
- Improvements in the speed with which we pay micro businesses and SMEs (small and medium-sized enterprises);
- An expansion of the work being done with the support of Chwarae Teg to help employees on lower pay scales to progress to better paid work within the organisation; and
- Joint work on debt management and recovery with Public Services Board partners.

### Use of reserves

In relation to the proposed use of £3.5m general reserves and £1.4m specific reserves to part fund indoor leisure there are no changes proposed.

### Fees and charges

As a result of the feedback received through the consultation there was a clear message that a 10% across the board rise in fees and charges was too high. It is therefore proposed that fees and charges in selected categories will increase by 5% in 2023/24.

Additionally, and to note, pest control rodent fees are not proposed to be increased in 2023-24. Car parking income is proposed to increase by £200k and the options for achieving this will be brought forward as part of a separate report if Cabinet and Council approve the proposed income target. Some fees and charges are not controlled by the Council. Finally, the leisure services listed at Appendix have separate subsidy reduction targets applied.

The funding gap created by the proposed reduction in fees and charges is proposed to be met by using the £1m identified against a specific grant contingency budget in the draft budget.

It is further proposed that a fundamental review of all fees and charges be conducted in advance of the 2024-25 revenue budget to set a clear policy for the remainder of the medium term financial plan period.

### Celtic Leisure

One in four of the respondents questioned the priority being given to bringing the service in-house at an additional annual cost of over £4 million. The target date for completing the transfer back to the Council's direct control is 31<sup>st</sup> March 2024. An updated business plan will be developed to inform future year budgets with an emphasis of reducing the level of subsidy required from Council Tax.

### Additional support for schools and children - proposal for time limited investment in the development of enhanced models of support with a focus on pupil engagement

The engagement activities conducted pre-consultation identified a significant ongoing Covid impact on children across our schools.

It is proposed that a model be developed to provide an early intervention model of enhanced, co-ordinated support for some of our most vulnerable young people who have adversely affected by the Covid pandemic. The aim is to improve engagement in learning, attendance and reducing the number of young people excluded from education, while raising aspirations and strengthening links with families and communities. The support will target identified cohorts of young people within secondary schools.

The proposed model will be person centred and strengths based, primarily taking place in school and community settings. It will secure a multi-disciplinary approach through collaborative working between Schools, Education Services and Children and Young People's Service, with a focus on positive outcomes for our most vulnerable learners.

A more detailed proposition will be brought forward early in the new financial year including a proposal around funding.

#### Mid and West Wales Fire and Rescue Authority (MAWWFRA) Levy

The final levy from the MAWWFRA has increased from the 13% originally proposed to 16.43%, this is a further increase of £295k. This is due to the fact that shortly before Christmas the Chief Fire Officer was advised by the Welsh Government that a pension related grant would be transferred into the Revenue Support Grant.

Welsh Government officials have confirmed that the £295k will be included within the Council's final Revenue Support Grant so there is no impact on the tax payer as a result; this means that the net increase in cost remains at 13%.

#### Settlement assumptions

The proposals contained within this report are based on the Provisional Local Government Settlement, plus a known adjustment in relation to the transfer into the Final Settlement to reflect a further increase in the Mid and West Wales Fire and Rescue Authority levy. This transfer into the Final Settlement means that the net increase in the cost of the fire and rescue service to Neath Port Talbot tax payers remains at 13%. The Welsh Government have indicated that there will be no further significant variations between the provisional and final settlement.

This report therefore requests that authority is delegated to the Chief Finance Officer, in consultation with the Chief Executive, Leader and Cabinet Member for Finance, Performance and Social Justice to make any amendment necessary through the use of general reserves, as a consequence of the Final Settlement due 8th March 2023.



## 2023/24 Budget gap

The table on the following page shows the estimated amount of funding needed to run council services in 2023/24 and the funding available

The 2022/23 pay award added £12.5m to the Council's paybill which equated to an average increase of 6%. With only 4% included notionally within this year's Local Government Settlement, the pay award was unfunded to the value of c£4.3m.

During 2023-24, managers have been asked to maintain a tight financial discipline to mitigate any overspend arising from the unfunded pay award. The revenue budget monitoring report for the period ended 31<sup>st</sup> December 2022 suggests that the Council is likely to contain overall expenditure broadly within the available cash limit. Specific measures taken in year include:

- Robust management of all vacant posts;
- Additional income generation;
- Identifying expenditure that can be legitimately offset e.g. against grant and other funding; and
- Savings arising from hybrid working;.

In addition to the unfunded pay award from 2022/23, the Council is also predicting pay and inflationary costs of £26.920m for 2023/24. Taken collectively, the above items will increase the cost of running Council services by £31.220m. These cost increases represent the cost of providing existing Council services i.e. the increase in cost just to stand still.

There are also unavoidable service pressures which will increase the estimated cost of running council services by £10.984m as detailed in Appendix 3.

In addition, there are £10.879m of budget pressures identified which may materialise during 2023/24. These are set out in detail in Appendix 4. Every effort will be made to manage these risks but if they do materialise, they will need to be funded by Council reserves or in-year savings/additional income in the first instance. Any recurring unavoidable pressures will then be built into the base budget in subsequent financial years. These are collectively referred to as 'pressures to be monitored'. Also included within the proposals are a number of spend to earn

pressures where investments will in effect pay for themselves, these are shown in Appendix 5 of the report.

The Provisional Local Government Settlement received on 14<sup>th</sup> December 2022, details an increase in funding of £18.323m or 7.1%. This is greater than the indicative 3.5% previously outlined but is still wholly inadequate in relation to funding the increased costs the Council will incur in 2023-24.

The Settlement also includes details of some specific grants at an all Wales level. There are several grants which have been kept at 2022/23 levels which in real terms cut in funding due to the effect of pay awards and inflation. For these grants, activity will need to be adjusted to remain within the amount of funding available

#### 2023/24 Budget gap summary

	£'000	£'000
2022/23 net budget		338,020
<b>Unavoidable cost increases</b>		
Unfunded pay award from 2022/23	4,300	
Inflation and pay awards (appendix 2)	26,905	
Unavoidable pressures (appendix 3)	10,984	
Total unavoidable cost increases	<b>42,189</b>	
Total estimated cost of Council services 2023/24		<b>380,209</b>
<b>Funding available</b>		
Council tax -2022/23 level		80,334
Welsh Government (WG) funding 2022/23 level		258,072
Increase in WG funding for 2023/24		18,323
Discretionary rate relief		-387
<b>Total Funding Available</b>		<b>356,342</b>
<b>Budget Gap</b>		<b>23,867</b>

The budget gap detailed above is greater than any single year gap faced through the recent period of austerity.

Included within the above are assumptions around fees and charges income and energy costs which are explained in more detail below:

### Fees and charges

The draft budget proposals included an assumption that fees and charges would be reviewed in line with inflation and an assumed increase of 10% was included in the budget calculations.

The feedback received from respondents to the consultation was mixed with 31% of respondents agreeing that 10% was reasonable but a larger number felt that a 10% across the board rise in fees and charges was too high. It is therefore proposed that fees and charges in selected categories will increase by 5% in 2023/24. This 5% increase has been assumed for theatres; waste disposal contracts; trade refuse; bulky item collection; cemeteries and various fines.

Additionally, and to note, pest control rodent fees are not proposed to be increased in 2023-24. Car parking income is proposed to increase by £200k and the options for achieving this will be brought forward as part of a separate report if Cabinet and Council approve the proposed income target. Some fees and charges are not controlled by the Council and fees and charges will therefore vary as applicable. Finally, the leisure services listed at Appendix have separate subsidy reduction targets applied.

The funding gap created by the proposed reduction in fees and charges is proposed to be met by using the £1m identified against a specific grant contingency budget in the draft budget.

### Energy

Energy costs are anticipated to rise by 150% from April 2023. It is not certain that this level of cost increase will apply for the duration of the financial year with wholesale gas prices currently reducing sharply from their 2022 high. Consequently an increase of 50% has been allowed for in departmental budgets in 2023/24.

A further 50% provision has been set aside in an energy contingency budget of £2.8m. This budget will be available to help fund works which make premises more energy efficient; help the Council with their ambition to

transition to more renewable energy; and will also act as a contingency budget in the short term. If these budget proposals are approved, detailed terms of reference will be developed setting out how this budget can be accessed, including by schools.

Immediate actions to reduce energy consumption and costs have already commenced with the proposed closure of satellite office buildings. Further phases of the strategic accommodation review will be reported throughout the next financial year. The Director of Education, Leisure and Lifelong is also working with headteachers to identify support that could be made available to reduce energy costs across the school estate. An early initiative is to explore the services of an organisation called 'Energy Sparks' who work with schools to help reduce their electricity and gas usage. Finally, street lighting is also a significant consumer of energy. The Head of Streetcare is currently engaging with the Institute of Lighting Professionals to develop a set of proposals to reduce energy consumption across the street lighting infrastructure.

### **Strategy for closing the budget gap**

Since it became apparent that the financial outlook had deteriorated significantly Council officers have been working on proposals to close the budget gap. This work has been multi-faceted and has included early engagement with staff, trade unions, all members of Council, representatives of the school community and other interested stakeholders.

The starting point in relation to the 2023/24 budget strategy has been the work undertaken during the current financial year to drive down the projected overspend as already referenced on pages 3 and 4 of this report.

The budget strategy for 2023-24 is based on the following key objectives:

#### Maintaining a clear focus on recovery from Covid-19

There are exceptional pressures across the Council as the impact of policies pursued during the Covid-19 response period emerge. In particular, there are much higher volumes of demand/need presenting in social services, housing and education together with an increase in the complexity of need. It is not yet clear when the rise in demand/need will peak. As the Council has many statutory duties to fulfil in relation to the people impacted, it is crucial that we can remain focused on our recovery work to avoid more cases escalating to a point of crisis when much more expensive solutions would need to be found.

In Environment Directorate, there are some backlogs of work and pent up demand that needs attention as part of recovery. Where there are performance pressures, these are almost exclusively a result of the impact of actions taken during Covid-19 response where the Council was asked to re-purpose staff, facilities and other resources to support the governments' objectives to protect the NHS and to save lives. We need to maintain our focus on addressing the consequences of these policies throughout 2023-24.

#### Supporting our communities through the cost of living crisis

At the beginning of the 2022-23 financial year, we were already seeing signs of financial hardship across communities. The energy crisis and huge increase in inflation has seen many more residents and businesses experience financial hardship as the year has unfolded. The Council has played a significant role in making sure that financial support from government reaches those eligible for that support; and the Council has now mobilised a partnership with Warm Wales, unlocking the £2million set aside at budget setting time to assist those experiencing the greatest hardship but who are unable to seek help from other sources. Additional practical support is being provided through the re-purposing of over 30 council buildings to help people access a warm place and support; we are working with partners to promote all other forms of help and support available to those who need it; and putting an increased focus at community level to seek out those most vulnerable and to connect these to help and support near where they live. The NPT Safe and Well Partnership has been re-purposed to co-ordinate the Council's work with partners and with the wider community action taking place. The immediate outlook in 2023-24 is one of continuing hardship for residents and the Council will need to continue to play its part in supporting residents over this period.

#### Facilitating and Enabling Economic Growth

There has been a mixed impact across the local economy as the pandemic cost of living crisis have taken their course. The Council has been responsible for administering significant financial support to businesses on behalf of government and providing other practical support where possible.

We are also dealing with a growing portfolio of major economic development initiatives. These include: a £250 million proposed investment in an adventure resort in the Afan Valley; a £200 million proposed investment in a Global Centre for Rail Excellence in the Dulais Valley; a potential Freeport covering the port of Port Talbot and the Port of Milford Haven which would attract seed capital of £25 million and potentially £0.5 billion in retained

business rates for investment in hard and soft infrastructure over the programme life cycle; a £28 million investment programme over the remainder of this financial year and the next two financial years through the Shared Prosperity Fund; the ongoing delivery of the City Deal programme; together with the potential to draw down significant capital funds to support innovation and housing developments and the prospect of some success with our three Levelling Up Fund bids. The Council has performed well in supporting these initiatives thus far but will need to increase investment in its economic growth functions to secure the successful delivery of this portfolio and to maximise the benefits to local people and local supply chains.

### Delivering local and Welsh Government policy priorities

We are in the second year of the current Senedd term and in the first year of the local government term. The Welsh Government has set out an extensive programme of policy commitments that will impact on councils. The Rainbow Coalition also has its own policy priorities which are being implemented and which will feature in an updated Corporate Plan that will be presented to Council in March 2023.

### Ensuring a sustainable Council

There has been a material change to the Council's operating environment over this financial year. The much changed budget outlook, the workforce constraints and the pace of change combine to challenge the existing operating model.

The consultation responses showed widespread support for these key objectives.

## **Budget solutions**

Over the medium term, the Council will need to pursue a robust strategy that will transform the way services and functions are delivered within a clearly defined framework of priorities, whilst also ensuring financial sustainability and good governance. The key elements of the financial strategy include the following which are detailed further in Appendix 6:

### *Economy and efficiency measures including budget re-basing - £811k*

An exercise has been undertaken to systematically 're-base' budgets. This is to reflect the fact that the Council is now working in a very different way post-pandemic and therefore budgets are no longer necessarily aligned to where activity is now being delivered.

A review of all expenditure headings is also underway to identify where more efficient ways of working can deliver a reduction in cost.

#### *Accommodation - £158k*

This workstream is part of a strategy to reduce the fixed costs of the organisation. The first phase of the strategy is to reduce the number of smaller satellite office buildings occupied by the Council. The second phase of the review will be to look at the wider buildings portfolio, including use of the three civic centres given that most of the Council's office-based staff are now working in a hybrid manner.

#### *Grant maximisation - £611k*

The Council receives circa £55m of specific grant funding. Officers are examining the extent to which grant funding is being optimised to reflect the Council's priorities and the opportunity to fully recover the costs of resourcing the related activities. The Council needs to maximise the opportunities to second core funded staff to work on specific grant funded programmes to avoid increasing its headcount at a time of such significant financial challenges, supported by clear exit strategies that do not place the security of employment of any seconded staff at risk.

#### *Subsidy removal - £574k*

The Council operate a number of discretionary services which currently run on a subsidised basis. It is very unlikely that there will be sufficient funding to resource these services on the current basis in future years and consequently different funding models will need to evolve if we are to sustain these services over the medium and longer term.

This is likely to involve a significant increase in commercialisation to remove the core funding subsidy on a phased basis, recognising that this cannot be achieved within one year. There will be opportunities for capital investment to help deliver reduced cost or generate additional income.

Further to feedback received at the various scrutiny committees the following paragraphs provide some detail in relation to how the savings targets for 2023/24 will be achieved.

#### Gnoll Country Park

We have recently been successful in securing a Levelling Up Fund (LUF) bid from the UK Government. The fund will invest £17,755,359 in the Vale of Neath Heritage Corridor Visitor Attractor and focuses on two transformational projects one of which is aimed at improving the historic estate, its visitor offer and establishing overnight accommodation.

A masterplan has been developed to deliver this aim which identifies investments in the heritage of the park, diversifying the play offer, modernising the café and visitor centre, enhancing biodiversity, interpretation opportunities and improving connectivity within the park and also to the adjoining Woodland Trust site. This investment will ensure that the park remains an attractive destination to local residents but also attracts both day and overnight visitors from further afield.

### Afan Forest Park

A new food and beverage operator has recently taken over the café within the park, and their business plan identifies a scaling up of their offer to attract more business. This improved offer together with the recent council investment within the carpark, which now includes electric charging facilities together with other improvements to the children's playground and camp site will increase both day and overnight visitors, which over time will ensure that the park is not reliant upon council subsidy.

### Margam Park

We will continue to maximise our income generation capability by promoting value for money attractions in a safe and welcoming environment. Giving the customer what they want whilst continually refreshing the offer. We will promote the Orangery as one of Wales' premier wedding venues whilst reviewing our pricing structure on the back of the recent investments into the facility. New income generating opportunities will be explored as and when appropriate.

### Skills and Training

Improved trading performance anticipated resulting from having a single Chief Officer overseeing the operations within the Council helping to maximise efficiencies and driving out duplication of costs.

### School Cleaning

Increased recharge to schools based on agreed formula to reduce the Council subsidy to zero. The risk is some schools may choose to buy their cleaning service from external provider.

### Leisure services

Post Covid it is anticipated to return to an improved trading position through growing the membership on the back of recent investments such as the new Neath Leisure Centre, thereby increasing income.



Retaining the current membership and reducing costs through investment in energy saving strategies

*Service remodelling - £150k*

Changes to working practices within the digital services division will deliver this saving.

*Other savings - £13,048k*

The vast majority of solutions are included under the category of 'other savings'. Further details can be found in Appendix 6. The single largest item relates to the revaluation of the Local Government Scheme Pension Fund (LGPS) which has resulted in a saving of £5m next year.

Other savings relate to; but not limited to; the reduced employers national insurance contribution rate payable next year; increased investment interest; improved council tax collections assumptions and a reduction in the number of council tax support scheme claimants.

## **Reserves position**

As part of the budget strategy for 2023/24, it is proposed to use £3.5m of the Council's general reserve balance to underpin the budget. The rationale for this is articulated through the objectives set out above. We expect the growth in demand for services to reach a peak in 2023/24, all other things being equal. We hope to also be able to make a clearer assessment as to whether the increased demand and need we are currently responding to will return to pre-pandemic levels and the timescale over which this might occur, or alternatively, whether we will experience a (semi)permanent increase in the activity and cost base.

The Council agreed a general reserves policy which states that the general reserve balance should be kept at c4% of the net revenue budget. The 2022/23 net revenue budget is currently £338m meaning that the general reserve should be held at c£13.5m. The above proposal would see the general reserve balance held at £16.5m which exceeds the 4% target but provides much needed financial resilience for balancing the budget over the medium term.

In addition, it is proposed to utilise £1.4m from specific reserves to help meet the cost of running indoor leisure services whilst the further options referred to above are developed.

It is also proposed that a proposal be brought forward to deliver a targeted programme to support children in schools impacted by the Covid pandemic. This programme will provide an early intervention model of enhanced, co-ordinated support for some of our most vulnerable young people who have adversely affected by the Covid pandemic.

The aim is to improve engagement in learning, attendance and reducing the number of young people excluded from education, while raising aspirations and strengthening links with families and communities. The support will target identified cohorts of young people within secondary schools.

The proposed model will be person centred and strengths based, primarily taking place in school and community settings. It will secure a multi-disciplinary approach through collaborative working between Schools, Education Services and Children and Young People's Service, with a focus on positive outcomes for our most vulnerable learners.

### **Proposals for council tax in 2023/24**

Under the Local Government Finance Act 1992 Council are required to set a balanced budget with regard to the advice of the Chief Finance Officer (Section 151). A budget can be legitimately balanced through the use of reserves however Council must be mindful that once spent reserves are no longer available to balance future years' budgets.

In setting out his Autumn Statement, the Chancellor of the Exchequer made clear that he has based his spending plans on councils raising council tax by 5%.

Even with all of the measures set out above fully realised and after the use of reserves there still remains a budget gap for 2023/24.

This includes an increase equivalent to the value of 1.8% council tax to cover the net uplift in cost of the Mid and West Wales Fire and Rescue Authority levy over which the Council has no control; an increase equivalent to the value of 2% council tax required to begin to address the budget gap required to keep indoor leisure facilities open in 2023/24. There is also a requirement to increase council tax as the cost of providing placements for children with additional learning needs increases.

In order to fund the above it is proposed that the council tax needed to run Council services will increase by 4.5% next year with an increase at Band D from £1,660.02 to £1,734.72

Details of the proposed council tax by band and the number of properties in each band is shown below:

	Current £	Proposed including 4.5% increase £	Annual Increase £	Monthly Increase £	Cumulative Dwellings	Dwellings %	Cumulative Dwellings %
Band A	1,106.68	1,156.48	49.80	4.15	13,315	20.61%	20.61%
Band B	1,291.13	1,349.23	58.10	4.84	39,718	40.86%	61.46%
Band C	1,475.57	1,541.97	66.40	5.53	51,095	17.61%	79.07%
Band D	1,660.02	1,734.72	74.70	6.23	58,229	11.04%	90.11%
Band E	2,028.91	2,120.21	91.30	7.61	62,630	6.81%	96.92%
Band F	2,397.81	2,505.71	107.90	8.99	63,987	2.10%	99.02%
Band G	2,766.70	2,891.20	124.50	10.38	64,512	0.81%	99.83%
Band H	3,320.04	3,469.44	149.40	12.45	64,604	0.14%	99.98%
Band I	3,873.38	4,047.68	174.30	14.53	64,619	0.02%	100.00%

## 2023/24 Budget overview

The following table summarises the proposed 2023/24 budget with additional information provided in Appendix 1:

	£'000
2022/23 Original budget	338,020
<b>Unavoidable cost increases</b>	
Unfunded pay award from 2022/23	4,300
Inflation and pay awards (appendix 2)	26,905
Unavoidable pressures (appendix 3)	10,984
<b>Total unavoidable cost increases</b>	<b>42,189</b>
Budget solutions (excluding increased council tax collection rate included in funding below)	-14,352
Other adjustments	15
Contribution from specific reserve re: leisure	-1,400
Contribution from general reserves	-3,500
<b>Total budget</b>	<b>360,972</b>
<b>Funded by</b>	

Aggregate external finance	276,691
Discretionary rate relief	-387
Council tax including a 4.5% increase and an increase in collection rate to 98%	84,668
<b>Total funding</b>	<b>360,972</b>

## Medium term financial outlook

The medium term financial outlook over the next five years is challenging. With inflation currently running at 10.1% (CPI January 2023) and the national living wage rising by 9.7% in 2023/24 there looks to be no let up in the cost increases facing the Council

The current medium term financial plan (MTFP) to 2027/28 includes pay and inflationary pressures over the five year period amounting to £85m; unavoidable service pressures of £17m and local growth pressures arising from changing demographics of £16m.

After taking account of assumed Welsh Government funding of £47m over the period 2023-2028 **there still remains a funding gap of £48m** which represents 20% of the Council's overall net revenue budget (excluding schools).

Work is ongoing in relation to developing a number of strategies to close this gap. During the pre-consultation engagement and from the recent public consultation exercise we received many suggestions as to where the Council could reduce expenditure or increase income. These have shaped the strategies we are putting in place as follows:

### **Accommodation**

- A phased review is now underway

### **Energy**

- Initial urgent focus on reducing consumption
- Short term focus on energy efficiency
- Medium-long term focus on our aim to transition to renewables

### **Transport and Fleet**

- Short term options for better utilisation – will include potential policy changes
- Medium-long term options for reducing and transitioning the current fleet to renewables

### **Commissioning and Procurement**

- Series of reviews to examine all external spend – efficiency and economy savings; market mix and value for money
- **Budget re-basing**
- Complete work commenced in 2022-23
- **Statutory Services - Service Re-modelling**
- In-depth consideration of service models to meet forecast need within anticipated funding limits
- **Discretionary Services – remodelling**
- Alternative sources of income and efficiency measures
- **Automation and process improvement**
- Deliver agreed pipeline of reviews – will also underpin other reviews
- **Empty Homes – Council Tax**
- Review of Council Tax levels for empty homes – consultation early 2023-24
- **Fees and Charges**
- Root and branch review of policy to inform the setting of fees and charges into future years
- value for money

There are also a number of suggestions made that are still under consideration and these are itemised in the consultation report at Appendix 8.

## **Service overview and investment**

### Education, Leisure and Lifelong Learning including Schools

The budget proposals include a like for like increase in the delegated schools budget of £7.64m or 8% which is greater than the Council's settlement from the Welsh Government of 7.1%.

This budget also supports the Council's ambition to increase the number of Welsh speakers through funding the opening of a new Welsh medium starter school. The new school is one of 3 which are planned through the life of our Welsh Education Strategic Plan, (WESP) over the next 10 years. Improving access to Welsh medium education is a key strategic goal of the Council in delivering against our targets identified within the WESP.

The Education, Leisure and Lifelong learning budget is proposed to increase by £3.6m or 13%.

Following the decision of Members to bring indoor leisure services back in house, the budget delivers against the Council's ambition to support the health and wellbeing of its citizens and its staff. The new Neath Leisure

Centre opened at the end of January 2023 and provides a state of the art facility for its members and the wider public.

Additional funding is proposed to support some of our most vulnerable learners to deliver specialist places in purpose built facilities to improve the education and wellbeing outcomes for young people. There is significant additional demand for these specialist places which has grown since Covid.

### Social Services, Health and Housing

The Social Services, Health and Housing budget is set to increase by £13.8m. This represents an increase of 15% in the social services budget which compares with the 7.1% provided by Welsh Government in the Provisional Settlement.

In 2023-24 the Social Services Health and Housing Directorate will continue to provide services to the most vulnerable children, young people, adults and older people in Neath Port Talbot. Alongside meeting legal duties to safeguard and protect children and adults at risk, the Directorate provides statutory support for residents (and their carers) in the County Borough with a disability and/or mental health issues including mental illness and dementia.

In relation to Children and Young People Services, the Directorate will continue to support the 266 children currently in its care and more than 1,000 children that have been assessed as needing services.

The Housing Options Team ensures that the Council meets its legal requirements to accommodate the homeless and in the 2022 calendar year dealt with 2,745 requests for support. Similar numbers are expected in 2023/24. The wider Housing Support Service will be ensuring that there are robust strategies in place regarding Rapid Rehousing and tackling the wider general Housing need across Neath Port Talbot.

Adult Services, amongst many other duties, will continue to support older people who are frail and unable to care for themselves. Currently 545 people are being provided with Residential Care and 680 are receiving the Domiciliary care that allows them to stay in their own homes with the care that they need.

## Environment Directorate

The budget proposals would see a like for like increase in the Environment Directorate budget of £3.9m or 9%.

This directorate delivers a diverse range of services ranging from the more visible services including the, maintenance of our highways, drainage and street lighting infrastructure, the collection of waste and the management of our parks and green/open spaces to the less visible services including the planning, economic development, and regeneration teams.

The council has recently invested in the enhancement of a number of these services so that we are more able to respond to the increasingly challenging demands we are faced with. Unfortunately climate change is resulting in more frequent heavy bursts of rain which is in turn increasing the number of localised flooding incidents. Investment in our drainage team is enabling us to apply for more grant funding when available, which will in turn enable us to increase the capacity of our drainage network and reduce such incidents in the future.

Despite the current economic climate and cost of living crisis, we are seeing signs of increasing economic interest in Neath Port Talbot with many businesses and investors seeking to explore and deliver further opportunities. In order to assist these ambitions we have invested in boosting the strength of our planning and economic development teams which will ensure that we can guide them through the complicated regulatory frameworks but also support them with advice and financial assistance when necessary. This partnership working will enable us to deliver well paid jobs for our growing green economy.

### *Ongoing impact of Covid*

During the pandemic a large number of staff were redeployed to respond to the impacts of the virus. This included staff who designed and supervised the construction of field hospitals, testing centres and vaccination centre. Large numbers of staff were also redeployed to deliver the Test Trace and Protect (TTP) service with additional specialist input from qualified environmental health officers. As a consequence of this activity, backlogs of business as usual activity were generated and whilst staff have made significant inroads in dealing with these backlogs, these still remain in some sections of the Directorate. It should also be noted that a pared down version of the TTP service continues to operate primarily covering care homes, special schools and significant outbreaks. The team consists of a mix of internal staff who continue to be redeployed to this team from the

wider directorate in addition to externally recruited staff. The temporary loss of redeployed staff continues to place pressure on services.

In addition to the above, the advice and support required by residents and businesses has increased. The impact upon our town centres and public transport providers is significant due to a decrease in footfall/patronage. The council is therefore supporting these areas to ensure that they can recover from the effects of the pandemic and return to being financially sustainable going forward.

### Corporate Services

The Corporate Services budget is set to increase next year by £1.4m or 7%.

The Corporate Services Directorate will continue to provide the support services which underpin the delivery of the Council's frontline services, support the Council's democratic processes and ensure the Council has robust governance arrangements in place.

The Directorate will deliver the Enabling Programme, set out in the Corporate Plan, a programme of organisational development which will develop the capacity and capability of the council over a 3-5 year period, across people, digital, assets, financial stability, governance and engagement.

The budget proposals include additional investment in digital services to ensure that the Council is adequately resourced with the skills and knowledge needed to support a number of major service transformation programmes which will take place over the forthcoming years.

Through our new Digital Services Target Operating Model, we have developed a roadmap to transform our delivery of digital, data and technology services to residents, businesses, and visitors. It's not about more tech, more platforms, more solutions to problems we think exist, it's about real user centred design, placing our residents, businesses and visitors at the heart of our service delivery.

We will join up and use the data we hold to improve our understanding of what matters to our service users, and explore how technology such as Robotics and Automation can transform labour intensive processes.



## **Crime and Disorder Impact**

The Council has a legal duty under Section 17 of the Crime and Disorder Act 1998 to carry out all its various functions with “due regard to the need to prevent Crime and Disorder in its area”.

There are no specific proposals which will impact on crime and disorder. The proposal to provide targeted interventions to support children impacted on by the pandemic should have a beneficial impact in this area.

## **Integrated Impact Assessment**

The Equality Act 2010 requires public bodies to “pay due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristics and persons who do not share it.”

Section 1 of the Equality Act requires that public bodies when making strategic decisions, have due regard to the need to reduce the inequalities of outcome resulting from socio-economic disadvantage.

This budget prioritises the ongoing recovery from the pandemic and the need to support communities through the cost of living crisis. The investments delivered by this budget proposal will help to reduce inequalities, in particular supporting those in lower socio-economic groupings and those who have a disability, are elderly and frail or who are young and in need of support. An integrated impact assessment (IIA) is appended to this report and this provides further detail.

## **Workforce Impacts**

This budget supports the Council’s commitment to social partnership and to maintaining security of employment to the maximum extent possible. The Cabinet members have worked closely with the trade unions throughout the budget process, lobbying both UK and Welsh Governments to prioritise local government within their spending decisions and also encouraging staff to

contribute ideas from an early point in the budget process so that everyone has an opportunity to shape the budget proposals.

## **Legal Impacts**

The provisions of the Local Government Finance Act 1992 (LGFA 1992) set out what the council has to base its budget calculations upon, and require the council to set a balance budget with regard to the advice of its Chief Finance Officer (section 151). The council has a legal duty to provide a range of statutory services and these duties are not absolved if the budget is set late or not agreed

The setting of the budget is a function reserved to full Council, who will consider the draft budget which has been prepared by the Executive.

Once the budget has been agreed by full Council the Executive cannot make any decisions which conflict with it, although virements and year-in-year changes can be made in accordance with the Financial Procedure Rules.

Section 30(6) LGFA 1992 provides that the council has got to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set.

A failure to set or a delay in setting the budget may well affect the council's ability to enter into any new agreements unless the budget is agreed as otherwise these would be potentially unlawful as unfunded commitments. Councils also have increasingly important financial and corporate governance reputations to keep strong and the failure to set a council tax, or even informal references to a potential failure to set a council tax, would be likely to have a significant adverse impact on the council's reputation locally and nationally in terms of investor confidence. The council as a corporate body and the members, both individually and collectively, have a fiduciary duty to council taxpayers to avoid things that would result in loss of revenue or failure to deliver services along with moral and democratic obligations that this brings.

## **Consultation**

Early engagement activities were undertaken prior to Christmas 2022 with staff and with residents. The engagement exercise generated a

large number of ideas which have been carefully considered in drawing up the draft budget proposals. The Cabinet authorised a period of public consultation on 19<sup>th</sup> January. Additional engagement and consultation activities have been undertaken on the draft Budget for 2023-24. The consultation started on 19 January and closed on 10 February 2023.

Activities included:

- Online questionnaire - a self-completion questionnaire was published online. Respondents were not asked to identify themselves, but were asked to indicate why they were interested in the council's budget setting process and their postcode. The questionnaire was live from Thursday 19 January (following Cabinet's approval) until midnight on Friday 10 February 2023.
- Email – the email address LetsTalk@npt.gov.uk was promoted for people who wanted to respond via this mechanism.
- Offline – paper questionnaires, explainer leaflets, reference copies of the cabinet report dated 19 January 2023 and feedback boxes for completed questionnaires were made available in public buildings across the county borough. These included Civic Centres, council run and community libraries, and Celtic Leisure venues amongst others. The questionnaire was a replica of the online version and responses were entered into the survey software for analysis.
- NPT Council employee meetings – consultation meetings took place for council employees (9 meetings at council buildings, including 1 hybrid meeting, plus 1 MS Teams meeting). These were led by a panel including chief officers and trade union representatives and provided a briefing on the draft budget and an opportunity for employees to ask questions and put forward additional comments and suggestions.
- Stakeholder consultation – this included all scrutiny committees, Staff Council, Youth Council, Voluntary Sector Liaison Forum, Town and Community Councils Liaison Forum, and a meeting with representatives from the Voluntary Sector.
- An online public meeting was also held.

The consultation was promoted via:

- the council's website:
  - on the homepage – via the 'top tasks' and 'home page tile
  - a dedicated web page [www.npt.gov.uk/LetsTalk](http://www.npt.gov.uk/LetsTalk)
  - on the consultation pages [www.npt.gov.uk/consultations](http://www.npt.gov.uk/consultations)

- adverts/posters on TV screens in Neath and Port Talbot Bus Stations and Neath Train Station
- posters and an explainer leaflet at libraries, Celtic Leisure venues, civic centres and other public buildings across the county borough
- the council's corporate social media accounts
- an explainer video published on the council's website and social media channels
- press coverage generated by cabinet reports and press releases via the NPT Community of Practice on Involvement and Engagement

## **Section 151 Officer Responsibility and Risk Management**

Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report to Council on the “robustness of the estimates” used in calculating the budget requirement.

The Chief Finance Officer has made the necessary enquiries and received assurances from officers that the estimates are prudent and achievable.

A pay contingency equivalent to 2% has been set aside in the base budget to fund any variations and the risks in delivering the savings included in the budget. Should the risks be higher than this then the General Reserve and Corporate Contingency Reserve will be available to support any emergency calls.

There are a number of substantial risks contained within these proposals which will need to be monitored and managed during 2023/24. The following is not an exhaustive list but represents the most significant at this stage:

- Energy costs – there is a risk that by only funding energy inflation at 50% and relying on an energy review which has not commenced yet that we do not contain energy costs within budget. In order to mitigate against this risk £2.8m has been set aside in the base budget.
- Vacancy factor – if there are insufficient vacancy savings achieved in year and Corporate Directors are not able to identify other savings to make up any shortfall then there is a risk of an in-year overspend
- Removal of subsidies – the removal of subsidies over the course of the MTFP period represents a risk that if not achieved there will be a budget pressure or services would have to be reduced

- Pay award could be greater than the 6% included in the budget – especially in the context of ongoing industrial action across a number of sectors. This would create an in-year pressure that would have to be addressed through short term income and expenditure measures and would increase the budget gap over the medium term.
- There is a risk that the proposed increase in fees and charges will not be achieved if paying customers are below the level anticipated. This has been mitigated by reducing the planned 10% increase to 5%.
- The pressures to be monitored may become actual pressures which will require in year corrective action and increase the current £48m MTFP gap
- Demand for services does not decrease or even may increase, if this is the case permanent funding will need to be found for the £3.5m general reserve funding
- The ongoing war in Ukraine may have further impacts on the Council's financial position which would increase the gap over the medium term
- The impact of Brexit remains a risk, potentially affecting costs and the availability of labour. If these are significant they could increase the gap over the medium term and also cause short term cost pressures, particularly in the capital programme, leading to a re-prioritisation of capital schemes or a longer delivery timetable
- The predicted decline in inflation may not occur placing further pressure on Council budgets over the medium term
- Recruitment and retention of staff – without sufficient people being able to recruit into vacant posts, there is a risk that more work will be externalised adding to costs. This will be mitigated through the Future of Work strategy
- Legislative changes – there is a risk that new legislation is not fully funded placing additional pressure on council resources. This would increase the gap over the medium term
- In-year changes to specific grant funding – if grants are reduced in real terms an in-year adjustment service levels would need to be made to enable activities to be delivered within a lower cost base.
- Ability to deliver WG recycling targets to minimise financial penalties - the waste management review is underway and will produce a strategy that seeks to mitigate this risk.
- Inclement weather impacts on services, infrastructure, communities and budget/reserves – the Council retains good financial resilience as part of this budget strategy which would mitigate this risk.

The tables included in Appendix 6 of this report provide additional information regarding the risk/impact of each savings proposal.

## Recommendation

It is recommended that Cabinet having due regard to the integrated impact assessment information set out in Appendix 9 consider the following recommendations.

**Recommendation 1** - In relation to the proposed revenue budget for 2023-24 approve the budget proposals set out in appendix 1 of the report.

**Recommendation 2** - In relation to fees and charges and in line with the principles outlined in this report the Cabinet are asked to approve:

➤ 2a) Fees and Charges Executive Functions

That the following matters are delegated to the appropriate Corporate Director following consultation with the Council Leader, relevant Cabinet Member and Chair of the relevant Scrutiny committee:-

-Fees and charges applicable for the financial year 2023/24

-Fees and Charges which are applicable in any subsequent financial year and which, in the opinion of the relevant Corporate Director, need to be set in advance of the financial year for operational reasons.

➤ 2b) Fees and Charges Non Executive Function

Fees and charges for non-executive functions – that the determination of the following matters be delegated to the appropriate Corporate Director following consultation with the Council Leader, Deputy Leader and Chair of the relevant Non-executive committee

- Fees & charges applicable in 2023/24

-Fees and charges applicable in any subsequent financial year and which, in the opinion of the Corporate Director, need to be set in advance of that financial year for operational reasons

**Recommendation 3** - In relation to any variation between the Welsh Government final settlement and provisional settlement Cabinet are asked to approve:

- That authority is delegated to the Chief Finance Officer, in consultation with the Chief Executive, Leader and Cabinet Member for Finance, Performance and Social Justice to make any amendment necessary through the use of general reserves, as a consequence of the final settlement.

**Recommendation 4** - In relation to the setting of Council Tax levels for 2023/24 Cabinet are asked to commend to Council that:

- Council Tax in 2023/24 will increase by 4.5%. The 2023/24 Band D equivalent for Neath Port Talbot County Borough Council will be £1,734.72

### **Reason for Proposed Decision**

To fulfil the statutory requirement to determine the budget for 2022/23.

To provide a mechanism for dealing with any variation between the provisional and final Welsh Government settlements

To agree arrangements for setting Fees and Charges.

### **Implementation of Decision**

The decision is proposed for implementation after consideration and approval by Council.

### **Appendices**

Appendix 1 - Revenue Budget 2023/24

Appendix 2 - Inflation assumptions

Appendix 3 - Unavoidable service pressures

Appendix 4 - Pressures to be monitored

Appendix 5 - Spend to earn initiatives

Appendix 6 - Budget solutions workstreams

Appendix 7 - Schedule of reserves

Appendix 8 - Summary of consultation responses

## Appendix 9 - Integrated Impact Assessment

### **Background Papers**

Budget Report – Cabinet, January 2023

Annexe containing all narrative comments received in the pre-consultation and consultation phases together with officer comments

### **Officer Contact**

For further information on this report item, please contact:

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## Appendix 1 – 2023/24 Revenue Budget

Revenue Budget 2023/24						
	2022/23 Original Budget	NI / Pension reduction	2022/23 re- stated	2023/24 Original Budget	Additional investment	Additional investment
	£'000	£'000	£'000	£'000	£'000	%
<b>Directly controlled expenditure</b>						
Schools	96,074	-1,626	94,447	102,086	7,638	8%
Education, leisure and lifelong learning	28,924	-834	28,090	31,677	3,587	13%
Social Services and Health	93,445	-1,764	91,681	105,572	13,891	15%
Environment	43,649	-1,369	42,280	46,262	3,982	9%
Corporate Services	20,820	-879	19,941	21,357	1,416	7%
	<b>282,912</b>	<b>-6,473</b>	<b>276,439</b>	<b>306,953</b>	<b>30,515</b>	
<b>Levies and contributions</b>						
Swansea Port Health Authority	46		46	46		
Fire Authority	8,503		8,503	9,923		
Margam Crematorium	1		1	1		
Corporate Joint Committee	117			127		
Archive Service	96		96	96		
Magistrates Court	10		10	10		
	<b>8,773</b>	<b>0</b>	<b>8,656</b>	<b>10,203</b>		
<b>Other Expenditure</b>						
Capital Financing	20,514		20,514	19,608		
Council Tax Support	19,621		19,621	19,413		
MTFP Equalisation	2,200		2,200	0		
Pay contingency	1,000		1,000	4,714		
Covid hardship fund cessation	2,500		2,500	0		
Contingency	500		500	781		
Energy Efficiency / transition / contingency	0		0	2,800		
	<b>46,335</b>	<b>0</b>	<b>46,335</b>	<b>47,316</b>		
Contribution from general reserve	0		0	-3,500		
<b>Total budget</b>	<b>338,020</b>	<b>-6,473</b>	<b>331,430</b>	<b>360,972</b>		

## Appendix 2 – Pay and inflation

Expenditure Category	Inflation assumption	Value
	%	£
<b><u>Selected headings</u></b>		
Pay 4% plus 2% contingency		13,860
Energy - gas and electricity	50.00%	2,781
Other premises	2.00%	160
Home to school transport	9.00%	689
Other transport	3.00%	101
Materials	10.00%	911
External waste contracts	5.00%	326
Childrens services	10.00%	1,150
Adult services	12.28%	7,492
Other payments to thrid parties	2.00%	320
Fire Service Levy	13% (net)	1,105
Council Tax Reduction Scheme (linked to Ctax)	4.50%	883
Capital Financing	2.00%	410
Grant Income	3.00%	-1,665
Sales, fees and chagres	See report	-818
Rent	2.00%	-80
Contributions towards service costs	1.00%	-150
Other income	2.00%	-320
<b>Total Pay &amp; Inflation</b>		<b>26,905</b>

## Appendix 3 – Unavoidable Pressures

Directorate	Service Area	Detail	£'000	£'000	£'000	£'000	£'000
			2023/24	2024/25	2025/26	2026/27	2027/28
Schools		Welsh Medium Starter School Neath Abbey	300	300	350		
Education, Leisure & Lifelong Learning	Leisure	Increased cost of operating indoor leisure	2,870	1,400			
Education, Leisure & Lifelong Learning	Home to school transport	Increase in contract price due to number of factors including cost of fuel, shortage of drivers	1,276				
Education, Leisure & Lifelong Learning	Additional learning needs	Increase in planned places for children with additional learning needs	350	250			
Environment		Core fund posts funded from service resilience reserve		500	500		
Environment	Civic Buildings	Quays and BBIC increase cost of electricity due to change in supplier	188				
Environment	Transport	Increased cost of current bus subsidies on valley routes	368				
Chief Executives	Digital Services	Increase in digital services budget to agreed target operating model (agreed during 21/22)	100				
Social Services, Health and Housing	Adult Services	Actual growth in placements	1,532	1,500			
Social Services, Health and Housing	Childrens services	Actual growth in residential care placements	1,200				
All services including schools		Energy contingency / efficiency / renewables	2,800				
<b>Total funded unavoidable service pressures</b>			<b>10,984</b>	<b>3,950</b>	<b>850</b>	<b>0</b>	<b>0</b>

## Appendix 4 – Pressures to be monitored

Directorate	Service Area	Pressure	To be monitored		Risk if not supported	Additional comment
			High Risk £'000	Med / Low Risk £'000		
Social Services And Housing	Adult Services	Market Pay supplement for Social workers	£ 1,100		Social workers leaving NPT to work for other LA's who are currently paying more-meaning more work for those remaining, less time to do more detailed assessments of clients and clients potentially being placed into high cost placements as a first resort	
Social Services And Housing	Adult Services	2022/23 base budget funded from reserves - anticipation that late notification of grants will offset		£ 1,827	Reserves will run out leaving base budget gap	
Social Services And Housing	Adult Services	Homelessness	£ 600		Failure of statutory duty, people will be forced to live back on the streets	
Social Services And Housing	Childrens services	Residential Care increase in placements	£ 900		Failure of statutory duty	Actual growth of 7 places funded - potential 4 others to monitor
Social Services And Housing	Childrens services	Permanent funding of 23 temporary staff	£ 420		Increased workload for remaining social workers, potentially staff leave to work in other LA's, ill health of existing staff	
Chief Executives	Legal Services	Cost of additional Welsh language translation of Council minutes and attendance by the Translator at Council meetings. I		£ 10	Non compliance with Welsh language standards	
Chief Executives	Legal Services	Social Services Directorate indicated to the Safeguarding Team that they wished that they wished an experienced lawyer dedicated primarily to adult legal work, following the intended retirement of the current service Manager at some point in 2023/2024.		£ 30	Expertise required	

## Appendix 4 – Pressures to be monitored

			To be monitored			
			High Risk	Med / Low Risk	Risk if not supported	Additional comment
Education, Leisure & Lifelong Learning	Schools delegated budget	Correct funding for teaching assistant hours		£ 4,500	Pressure on schools budget	
Education, Leisure & Lifelong Learning	Vulnerable learners	Cease of home office grant-funding needed to support reugee and asylum children		£ 180	Should be funded from central government	
Education, Leisure & Lifelong Learning	Cynnydd	End of grant		£ 600	Seeking alternative grant funding	
Environment	Waste	Increase to contract price over rate of inflation	£ 140		Potential in year pressure	
Environment	Waste	Fuel increase over rate of inflation	£ 200		Will not be able to operate the fleet to current level-service delivery may have to change	Part of waste strategy
Environment	Assets	National underground asset register		£ 180	Not a legal requirement	Paper copies of all utilities below ground in LA, need to digitise them in order with national policy changes-non compliance
Environment	Environmental Health and Trading standards	Increase budget to reflect true costs of barrister/QC costs		£ 75	Possible reputational damage	
Environment	Environmental Health and Trading standards	Reduction to crime act income budget-unachievable		£ 43	Overspend on budget in year	
Environment	Travel	Increase hours and grade of vacant bus support officer-currently 3 days and grade 3, upgrade to grade 5 and full time		£ 24	More admin onto officers and prevents them from carrying out their statutory duties	
Environment	Retaining walls	Additional funding for retaining wall inspections	£ 50		Retaining wall deficiencies not identified	
<b>TOTAL</b>			<b>£ 3,410</b>	<b>£ 7,469</b>		
<b>35</b>			<b>TOTAL</b>	<b>£ 10,879</b>		

## Appendix 5 – Spend to earn initiatives

Directorate	Service Area	Pressure	Spend to Save / earn
			£'000
Environment	Waste	Improve recycling performance	£ 350
Environment	Engineering	Design posts to access grant funding	£ 62
Environment	Travel	Two active travel posts-grade 9 and grade 8	£ 112
<b>TOTAL</b>			<b>£ 604</b>

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## Appendix 6 – Budget solutions

<b>Budget solution work streams 2023/24 to 2027/28</b>								
<b>Workstream</b>	<b>Ref</b>	<b>Estimated Saving</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	
Efficiency/Economy	E&E	£ 1,010,888	£ 810,888	£ 200,000	£ -	£ -	£ -	
Accommodation	ACC	£ 575,702	£ 158,000	£ 95,702	£ 322,000	£ -	£ -	
Grants	GR	£ 961,190	£ 611,190	£ 350,000	£ -	£ -	£ -	
Subsidy removal	SUB	£ 2,308,316	£ 574,157	£ 923,391	£ 625,261	£ 185,507	£ -	
Service remodelling	SERV	£ 162,188	£ 150,000	£ 12,188	£ -	£ -	£ -	
Other	OTHER	£ 13,898,000	£ 13,048,000	£ 250,000	£ 250,000	£ 350,000	£ -	
		<b>£ 18,916,284</b>	<b>£ 15,352,235</b>	<b>£ 1,831,281</b>	<b>£ 1,197,261</b>	<b>£ 535,507</b>	<b>£ -</b>	

## Appendix 6 – Budget solutions

<b>Budget solution work streams 2023/24 to 2027/28</b>											
Workstream	Ref	Budget	Saving	2023/24	2024/25	2025/26	2026/27	2027/28	Risk/Impact	Lead officer	Relevant Cabinet Board
<b>Efficiency/Economy measures identified</b>											
Car Allowances	E&E1	£ 1,028,960	£ 400,000	£ 400,000					Low risk. Based on post covid working practices	C Owen	Cabinet
CRB Checks	E&E2	£ 78,000	£ 10,000	£ 10,000					Low risk. Based on post covid working practices	C Owen	Cabinet
Eye tests	E&E3	£ 11,348	£ 7,000	£ 7,000					Low risk. Based on post covid working practices	C Owen	Cabinet
Water	E&E4	£ 272,049	£ 52,000	£ 52,000					Low risk. Based on post covid working practices	C Owen	Cabinet
General office expenses, books and subscriptions	E&E5	£ 300,000	£ 125,000	£ 125,000					Low risk. Based on post covid working practices	C Owen	Cabinet
Postage	E&E6	£ 31,000	£ 10,000	£ 10,000					Low risk. Based on post covid working practices	C Owen	Cabinet
Periodicals, municipal journals etc.	E&E7	£ 3,535	£ 2,500	£ 2,500					Low risk. Based on post covid working practices	C Owen	Cabinet
Window cleaning	E&E8	£ 21,000	£ 10,000	£ 10,000					Low risk. Based on post covid working practices	C Owen	Cabinet
Canvassing	E&E9	£ 49,206	£ 10,000	£ 10,000					Low risk. Based on post covid working practices	C Owen	Cabinet
Stationery	E&E10	£ 85,135	£ 75,000	£ 75,000					Low risk. Based on post covid working practices	C Owen	Cabinet
Conference fees - overnight travel etc.	E&E11	£ 12,000	£ 5,000	£ 5,000					Low risk. Based on post covid working practices	C Owen	Cabinet
Furniture purchasing	E&E12	£ 10,500	£ 10,500	£ 10,500					Low risk. Based on post covid working practices	C Owen	Cabinet
Postages	E&E13	£ 167,000	£ 3,000	£ 3,000					Low risk. Based on post covid working practices	C Owen	Cabinet
Medical Fees	E&E14	£ 155,000	£ 40,000	£ 40,000					Low risk. Based on post covid working practices	C Owen	Cabinet
External printing	E&E15	£ 133,888	£ 33,888	£ 33,888					Low risk. Based on post covid working practices	C Owen	Cabinet
Grants to external agencies	E&E16	£ 565,580	£ 200,000		£ 200,000				Possible risk to sustainability	H Jones	Cabinet
Hire of room	E&E17	£ 187,000	£ 17,000	£ 17,000					Low risk. Based on post covid working practices	S Brennan	Cabinet
			<b>£ 1,010,888</b>	<b>£ 810,888</b>	<b>£ 200,000</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>			



## Appendix 6 – Budget solutions

Workstream	Ref	Budget	Saving	2023/24	2024/25	2025/26	2026/27	2027/28	Risk/Impact	Lead officer	Relevant Cabinet Board
<b>Accommodation</b>											
Buildings to be vacated - Clossure of 5 satellite office buildings in phase 1 (2023/24) - see below for detail	ACC1	£ 450,000	£ 293,000	£ 158,000		£ 135,000			Low risk - sufficient capacity in other buildings	S Brennan	Cabinet
Phase 1 Buildings to be retained	ACC2	£ 2,045,126	£ 100,000			£ 100,000			Low risk - sufficient capacity in other buildings	S Brennan	Cabinet
Lonlas archive close it 24/25	ACC3	£ 35,702	£ 35,702		£ 35,702				Potential insufficient storage facility	S Brennan	Cabinet
Buildings for further consideration	ACC4	£ 1,371,106	£ 87,000			£ 87,000			Low risk - sufficient capacity in other buildings	S Brennan	Cabinet
Depots	ACC5		£ 60,000		£ 60,000				Low risk - alternatives available	S Brennan	Cabinet
		<b>£ 3,901,934</b>	<b>£ 575,702</b>	<b>£ 158,000</b>	<b>£ 95,702</b>	<b>£ 322,000</b>	<b>£ -</b>	<b>£ -</b>			
<b>Phase 1 - Buildings to be vacated</b>											
<b>Building</b>	<b>Tenure</b>	<b>Current cost £</b>									
Forge Road	Freehold	13,240									
36 Orchard Street	Leased	19,580									
Cimla Hospital	Leased	62,700									
Baglan Resource Centre	Leased	45,080									
Ffrwdwyllt House	Freehold	32,203									
Total		<b>172,803</b>									
Budgeted Saving		158,000									
Budget retained for unforeseen costs		14,803									

## Appendix 6 – Budget solutions

Workstream	Ref	Saving	2023/24	2024/25	2025/26	2026/27	2027/28	Risk/Impact	Lead officer	Relevant Cabinet Board
<b>Grants</b>										
Maximisation of external grant funding	GR1	£ 850,000	£ 500,000	£ 350,000				Compliance with grant terms and conditions	S Brennan	Cabinet
Offset ALN post against existing grant	GR2	£ 63,190	£ 63,190					Grant ceases and no base budget	A D Thomas	Cabinet
Catering business administrative post against grant	GR3	£ 48,000	£ 48,000					Grant ceases and no base budget	A D Thomas	Cabinet
		<b>£ 961,190</b>	<b>£ 611,190</b>	<b>£ 350,000</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>			

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## Appendix 6 – Budget solutions

Workstream	Ref	Budget	Saving	2023/24	2024/25	2025/26	2026/27	2027/28	Risk/Impact	Lead officer	Relevant Cabinet Board
<b>Subsidy removal - Detail in narrative of Cabinet report</b>											
Margam Park	SUB1	£ 556,526	£ 556,526	£ 100,000	£ 200,000	£ 256,526			Risk that subsidy cannot be removed	A D Thomas	ES&W
Increased income at skills and training unit	SUB2	£ -	£ 25,000	£ 25,000					Low risk - should be deliverable	A D Thomas	ES&W
Full cost recovery of school cleaning service	SUB3	£ 167,275	£ 167,275	£ 167,275					Low risk. Schools to fund	A D Thomas	ES&W
Gneall County Park	SUB4	£ 85,344	£ 85,344	£ 30,000	£ 30,000	£ 25,344			Risk that subsidy cannot be removed	M Roberts	ES&W
Princess Royal theatre	SUB5	£ 117,879	£ 117,880		£ 58,940	£ 58,940			Risk that subsidy cannot be removed	A D Thomas	ES&W
Afan forest park	SUB6	£ 1,882	£ 1,882	£ 1,882					Risk that subsidy cannot be removed	S Brennan	ES&W
Metal box	SUB7	£ 556,520	£ 556,521		£ 185,507	£ 185,507	£ 185,507		Risk that subsidy cannot be removed	S Brennan	ER&S
Pontardawe Arts Centre	SUB8	£ 197,888	£ 197,888		£ 98,944	£ 98,944			Risk that subsidy cannot be removed	A D Thomas	ES&W
Leisure Services	SUB0	£ 4,000,000	£ 600,000	£ 250,000	£ 350,000				Risk that subsidy cannot be removed	A D Thomas	ES&W
			<b>£ 2,308,316</b>	<b>£ 574,157</b>	<b>£ 923,391</b>	<b>£ 625,261</b>	<b>£ 185,507</b>	<b>£ -</b>			

## Appendix 6 – Budget solutions

Workstream	Ref	Budget	Saving	2023/24	2024/25	2025/26	2026/27	2027/28	Lead officer	Relevant Cabinet Board
<b><u>Service Remodelling and integration</u></b>										
Digital Savings (Mobile and Photocopier contracts)	SERV1	£ 568,000	£ 150,000	£ 150,000					C Owen	Cabinet
Resource Centre (ELRS)	SERV2	£ 12,188	£ 12,188		£ 12,188				A D Thomas	ES&W
			<b>£ 162,188</b>	<b>£ 150,000</b>	<b>£ 12,188</b>	<b>£ -</b>	<b>£ -</b>	<b>£ -</b>		

## Appendix 6 – Budget solutions

Workstream	Ref	Budget	Saving	2023/24	2024/25	2025/26	2026/27	2027/28	Risk/Impact	Lead officer	Relevant Cabinet Board
<b>Other</b>											
Pension Recharges - reduction in historic early access charges as numbers drop	OTHER1	£ 1,639,916	£ 67,000	£ 67,000					None. Annual recharges from Swansea pension which reduces annually	H Jones	Cabinet
Treasury Management - increased interest on investments	OTHER2	£ 20,513,500	£ 500,000	£ 500,000					Low risk-Potential interest rates drop	H Jones	Cabinet
Management of change recharge - Remove base budget for ER/VR use Organisation Development reserve if required	OTHER3	£ 200,000	£ 200,000	£ 200,000					No risk. Schools based ER/VR costs will be met from corporate reserves as one off costs	H Jones	Cabinet
Fall in pupil numbers as per settlement	OTHER4	£ 96,174,000	£ 733,000	£ 733,000					Low risk - funding follows pupils	H Jones	Cabinet
Pension Recharges - reduction in employer contribution rate from 2023/24	OTHER5		£ 5,109,000	£ 5,109,000					Low risk - based on actuarial valuation	H Jones	Cabinet
Reversal of Social Care Levy - reduced employer national insurance contributions	OTHER6	£ 1,364,000	£ 1,364,000	£ 1,364,000					Low risk - government policy	H Jones	Cabinet
Vacancy management target - assumed 5% reduction in salary costs due to natural vacancies / turnover	OTHER7	£ 58,300,000	£ 2,915,000	£ 2,915,000					Risk that there are insufficient vacant posts - will lead to in year overspend	H Jones	Cabinet
Council tax reduction scheme - reduction in claimants since pandemic levels	OTHER8	£ 19,621,000	£ 750,000	£ 750,000					Low risk - based on number of claimants	H Jones	Cabinet
Council tax collection rate - Cabinet approved increase to collection rate of 98% in Nov2022	OTHER9	£ 80,334,000	£ 1,000,000	£ 1,000,000					Risk that historical collection rates not achieved	H Jones	Cabinet
Offset costs against capital programme	OTHER10	£ 260,000	£ 260,000	£ 260,000					Low risk - costs eligible to be capitalised	H Jones	Cabinet
Corporate savings-Cex Budget - various initiatives across the four divisions of the corporate services portfolio - Legal, Finance, Digital and Organisational Development	OTHER11	£ 20,403,000	£ 1,000,000	£ 150,000	£ 250,000	£ 250,000	£ 350,000		Risk that proposals are not delivered within requisite timescales - will lead to in year overspend	H Jones	Cabinet
			<b>£ 13,898,000</b>	<b>£ 13,048,000</b>	<b>£ 250,000</b>	<b>£ 250,000</b>	<b>£ 350,000</b>	<b>£ -</b>			

## Appendix 7 – Schedule of reserves

Description	Reserve Balance at 1st April 2023 £	Original budget reserves 2023/24 £	Committed £	Estimated closing reserve 31st March 2024 £
<b>Education, Leisure and Lifelong Learning</b>				
<u>Delegated Schools Reserves</u>				
ERVR Primary	Cr8,161			Cr8,161
Primary Schools	Cr1,899,768			Cr1,899,768
Secondary Schools	Cr1,838,156			Cr1,838,156
Special Schools	Cr582,022			Cr582,022
Middle School	Cr509,605			Cr509,605
Repair & Maintenance	Cr161,160			Cr161,160
	<b>Cr4,998,873</b>	<b>0</b>	<b>0</b>	<b>Cr4,998,873</b>
<u>Education, Leisure and Lifelong Learning Other</u>				
Additional learning needs reserve	Cr1,451,000			Cr1,451,000
Equalisation Account-Education	Cr2,354,500	362,905	244,557	Cr1,747,038
Home to School Transport	0	Cr253,000		Cr253,000
	<b>Cr3,805,500</b>	<b>609,905</b>	<b>244,557</b>	<b>Cr3,451,038</b>
<b>Total Education Leisure &amp; Lifelong Learning</b>	<b>Cr8,804,373</b>	<b>609,905</b>	<b>244,557</b>	<b>Cr8,449,911</b>
<u>Social Services, Health and Housing</u>				
Homecare ECM Equipment reserve	Cr96,756	6,756		Cr90,000
Community Care Transformation Reserve	Cr2,249,661	1,499,661		Cr750,000
Children's Residential Placements	0			0
SSHH IT Renewals Fund	Cr1,900,000			Cr1,900,000
Social Services Equalisation	Cr3,370,114	2,873,873		Cr496,241
Community Resilience Fund	Cr1,750,000			Cr1,750,000
Housing Warranties Reserve	Cr220,000	0		Cr220,000
Hillside General Reserve	Cr431,098	0		Cr431,098

## Appendix 7 – Schedule of reserves

Description	Reserve Balance at 1st April 2023 £	Original budget reserves 2023/24 £	Committed £	Estimated closing reserve 31st March 2024 £
Ring fenced homecare funding	Cr234,000	0		Cr234,000
Youth Offending Team Reserve	Cr167,897	0		Cr167,897
Adoption Service	Cr500,000	500,000		0
<b>Total Social Services, Health and Housing</b>	<b>Cr10,919,526</b>	<b>5,380,290</b>	<b>0</b>	<b>Cr6,039,236</b>
<u>Environment</u>				
Transport Reserve	Cr274,153	60,000		Cr214,153
Asset Recovery Incentive Scheme	Cr44,593			Cr44,593
Swansea Bay City Deal	Cr221,000			Cr221,000
Local Development Plan	Cr363,124	76,787		Cr286,337
Parking improvement	Cr63,000	63,000		0
DARE Reserve	Cr2,000,000			Cr2,000,000
Waste Reserve	Cr988,152	900,000		Cr88,152
Winter Maintenance Reserve	Cr604,429			Cr604,429
Neath Market	Cr253,107			Cr253,107
Baglan Bay Innovation centre - dilapidation reserve	Cr77,517			Cr77,517
Renewable Energy Reserve	Cr17,959			Cr17,959
Environmental Health - Housing Equalisation	Cr95,000	58,301		Cr36,699
LAWDC Contingency Reserve	Cr815,177			Cr815,177
Workways - NPT	Cr290,435			Cr290,435
Environment Equalization Reserve	Cr696,513	147,556		Cr548,957
Metal box Reserve	Cr779,909	Cr305,333		Cr1,085,242
Pantteg Landslip Reserve	Cr500,000			Cr500,000

## Appendix 7 – Schedule of reserves

Description	Reserve Balance at 1st April 2023 £	Original budget reserves 2023/24 £	Committed £	Estimated closing reserve 31st March 2024 £
	0			0
<u>Trading Account</u>	0			0
Operating Account -Equalisation	Cr36,043			Cr36,043
Vehicle Tracking	Cr92,186			Cr92,186
Vehicle Renewals	Cr3,081,484	2,275,246		Cr806,238
<b>Total Environment</b>	<b>Cr11,293,781</b>	<b>3,275,557</b>	<b>0</b>	<b>Cr8,018,224</b>
<u>Chief Executives</u>				
Elections Equalisation Fund	Cr365,139	Cr15,000		Cr380,139
Health & Safety/Occupational Health	Cr40,501			Cr40,501
Digital Transformation Reserve	Cr1,170,000			Cr1,170,000
Schools IT Equalisation (HWB)	Cr270,000	70,000		Cr200,000
Development Fund for Modernisation	Cr76,032			Cr76,032
Digital renewal reserve	Cr1,263,394	400,000		Cr863,394
Chief Executives Equalisation Reserve	Cr180,736	105,000		Cr75,736
Organisational development reserve	Cr4,742,936	280,000	1,059,000	Cr3,403,936
Building Capacity	Cr59,295	52,000		Cr7,295
Voluntary Organisation Reserve	Cr86,430			Cr86,430
<b>Total Corporate Services</b>	<b>Cr8,254,463</b>	<b>892,000</b>	<b>1,059,000</b>	<b>Cr6,303,463</b>
<u>Corporate Other</u>				
Insurance Reserve	Cr4,445,382	280,000		Cr4,165,382
Covid recovery	Cr1,121,000	879,650	241,350	0
Income Generation Reserve	Cr1,713,230			Cr1,713,230



## Appendix 7 – Schedule of reserves

Description	Reserve Balance at 1st April 2023 £	Original budget reserves 2023/24 £	Committed £	Estimated closing reserve 31st March 2024 £
Members Community Fund Reserve	Cr513,633		513,633	0
Capital support reserve	Cr683,447			Cr683,447
Hardship relief scheme	Cr2,000,000		2,000,000	0
Service resilience	Cr900,072	819,072	81,000	0
Discretionary fund	0		0	0
Corporate Contingency	Cr3,695,465	2,330,273	500,000	Cr865,192
Treasury Management Equalisation Reserve	Cr7,769,046	2,000,000	0	Cr5,769,046
Accommodation Strategy	Cr2,273,580	0		Cr2,273,580
<b>Total Corporate Other</b>	<b>Cr25,114,855</b>	<b>3,308,995</b>	<b>6,335,983</b>	<b>Cr17,469,877</b>
<u>Joint Committee</u>				
- Margam Discovery Centre - Building Maintenance Reserve	Cr117,107	Cr57,333		Cr174,440
Workways - Regional Reserve	Cr167,991	0		Cr167,991
Environment Legacy Reserve (SWTRA)	Cr59,728	0		Cr59,728
Substance Misuse Area Planning Board	Cr34,847	0		Cr34,847
WB Safeguarding Board Reserve	Cr113,265	0		Cr113,265
Intermediate Care pooled fund	0	0		0
<b>Total Joint Committee</b>	<b>Cr492,938</b>	<b>Cr57,333</b>	<b>0</b>	<b>Cr550,271</b>
<b>Total All Earmarked Reserves</b>	<b>Cr64,879,936</b>	<b>13,409,414</b>	<b>7,639,540</b>	<b>Cr46,830,982</b>
<b>General Reserve</b>	<b>Cr20,150,693</b>	<b>3,500,000</b>	<b>400,000</b>	<b>Cr16,250,693</b>

## Appendix 7 – Schedule of reserves

	Reserve Balance at 1st April 2023 £	Original budget reserves 2023/24 £	Committed £	Estimated closing reserve 31st March 2024 £
<b>TOTAL ALL REVENUE RESERVES</b>	<b>Cr85,030,629</b>	<b>16,909,414</b>	<b>8,039,540</b>	<b>Cr63,081,675</b>

## Appendix 8 – Summary of consultation responses

### Let's Talk Budget 2023-24

#### Consultation Summary Report

##### 1.0 Background

1.1 On 19 January 2023, Cabinet authorised officers to consult members of the public on the Draft Budget Proposals for 2023-24. The public consultation followed a number of pre-consultation engagement activities with stakeholders which took place during autumn 2022.

- 1.2 The consultation objectives were to:
- provide a mechanism for people to contribute their views to the budget setting process
  - establish how people feel about the proposals
  - find out if people agree or disagree with the proposals and the reasons why
  - provide a mechanism for people to make comments and suggestions linked to specific proposals
  - provide a mechanism for people to suggest alternative proposals for saving money to those already outlined by the council
  - ensure that the consultation was available to as many residents and organisations as possible

##### 2.0 Consultation Process

2.1 A range of engagement and consultation activities took place in order to help inform the 2023-24 budget setting process, as follows:

Date	Activity	No. of people Reached
19.1-10.2.23	Online questionnaires and paper versions with feedback boxes in public buildings	581 responses
19.1-10.2.23	Dedicated email address for questions and responses	13
27.1-1.2.23	Internal consultation including chief officers' questions and answer sessions (9 meetings at council buildings, including 1 hybrid F2F/Teams meeting, plus 1 MS Teams meeting)	225 attendees
20.1-9.2.23	Stakeholder consultation (scrutiny committees, Staff Council, Youth Council, Voluntary Sector Liaison Forum, Town and Community Councils Liaison Forum,	143
6.2.23	Online public meeting	4
<b>TOTAL</b>		<b>966</b>

- 1.3 The consultation was promoted via:
- The council website - homepage (via the 'top tasks' button) and Let's Talk pages
  - Adverts/posters on TV screens in the Neath and Port Talbot Bus Stations and Neath Train Station

## Appendix 8 – Summary of consultation responses

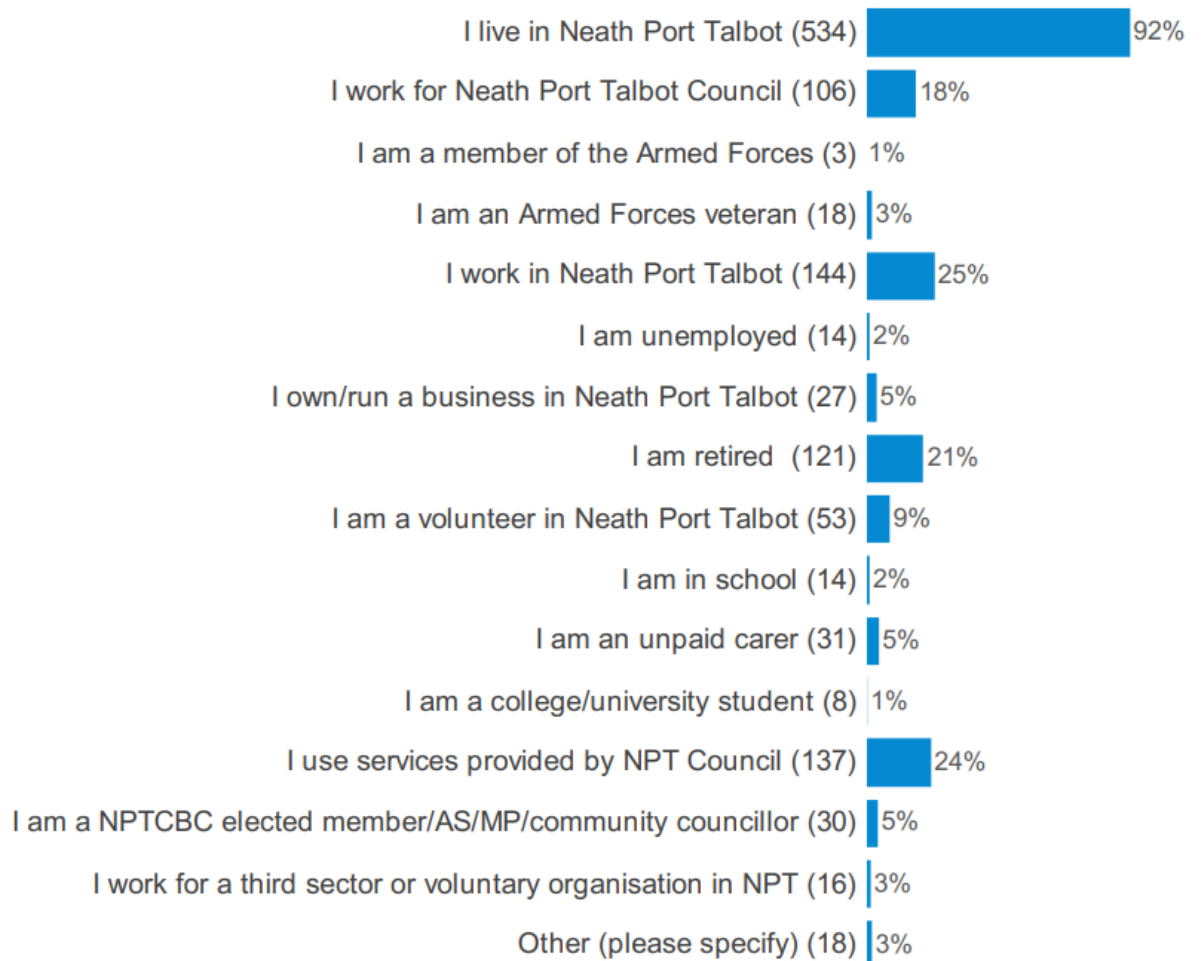
- Posters and an explainer leaflet at libraries, Celtic Leisure venues, civic centres and other public buildings
- The council’s corporate social media accounts
- An explainer video published on the council’s website and social media channels
- Press coverage generated by cabinet reports and press releases

### 3.0 Public Consultation Responses

3.1 A total of 581 questionnaires were completed during the consultation period (579 in English and 2 in Welsh, with 484 responding online and 97 on paper). The following charts show a summary of responses:

#### 3.2 [About the respondents](#)

Respondents were asked to describe themselves from a series of statements (*n.b. for this question respondents were asked to select all of the categories that applied to them, some selected more than one answer, therefore the number of responses is greater than the number of respondents*):

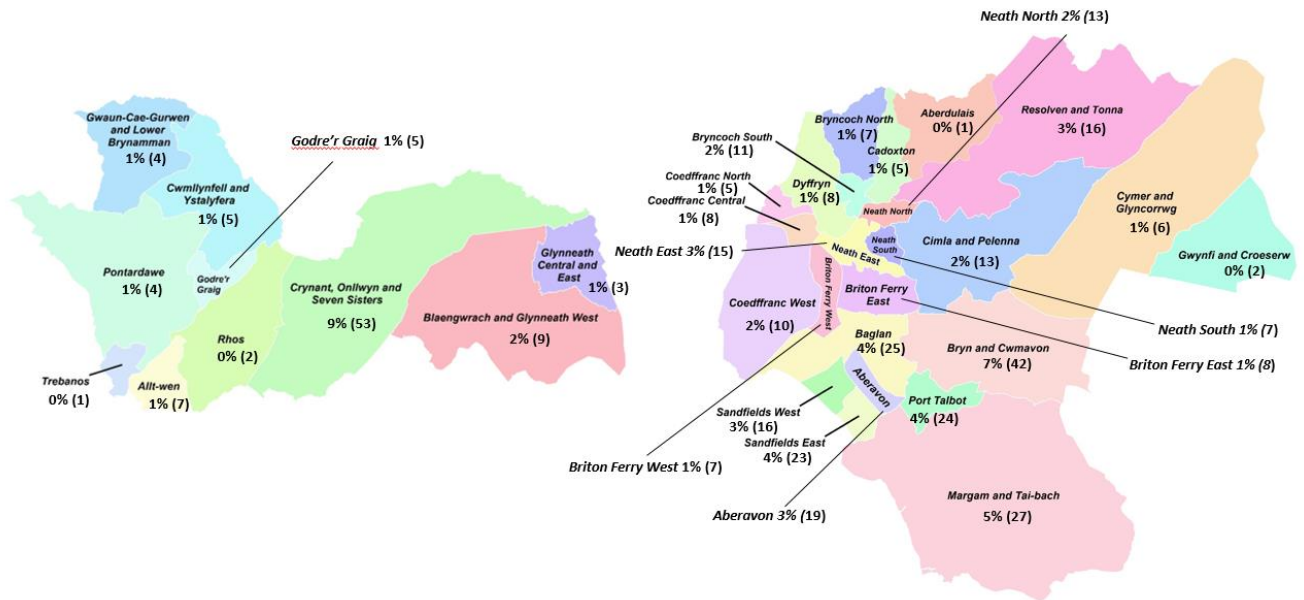


Respondents by ward:

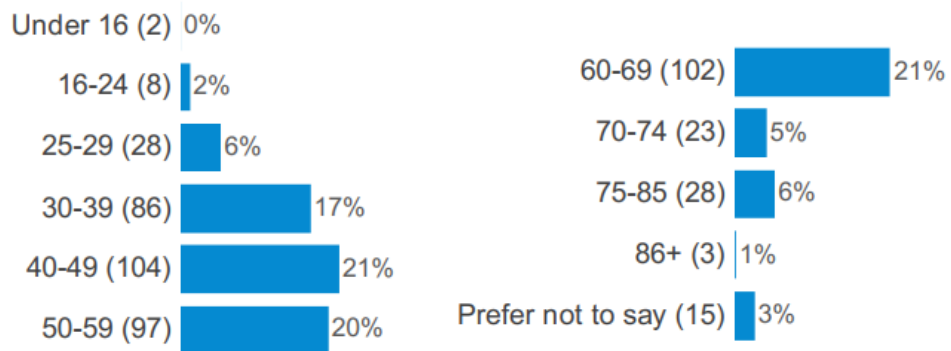
## Appendix 8 – Summary of consultation responses

The geographical spread of respondents is outlined on the ward map below. Please note that:

- 126 respondents chose not to provide their postcode
- 5 postcodes were outside of NPT
- 28 provided a partial or invalid postcode

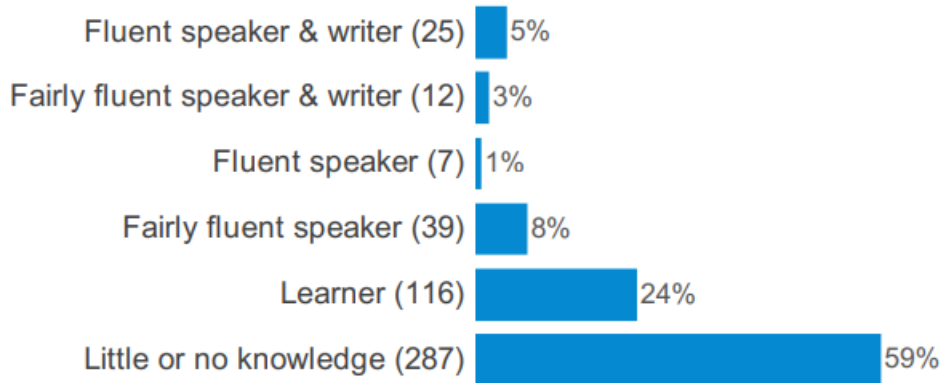


The age profile of respondents was as follows:



When asked about their level of fluency in Welsh, responses were as follows:

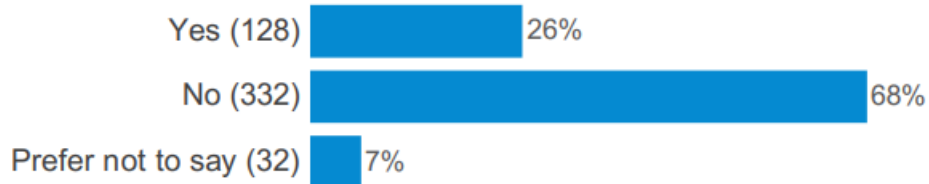
## Appendix 8 – Summary of consultation responses



Respondents were also asked if they were pregnant or on maternity leave:

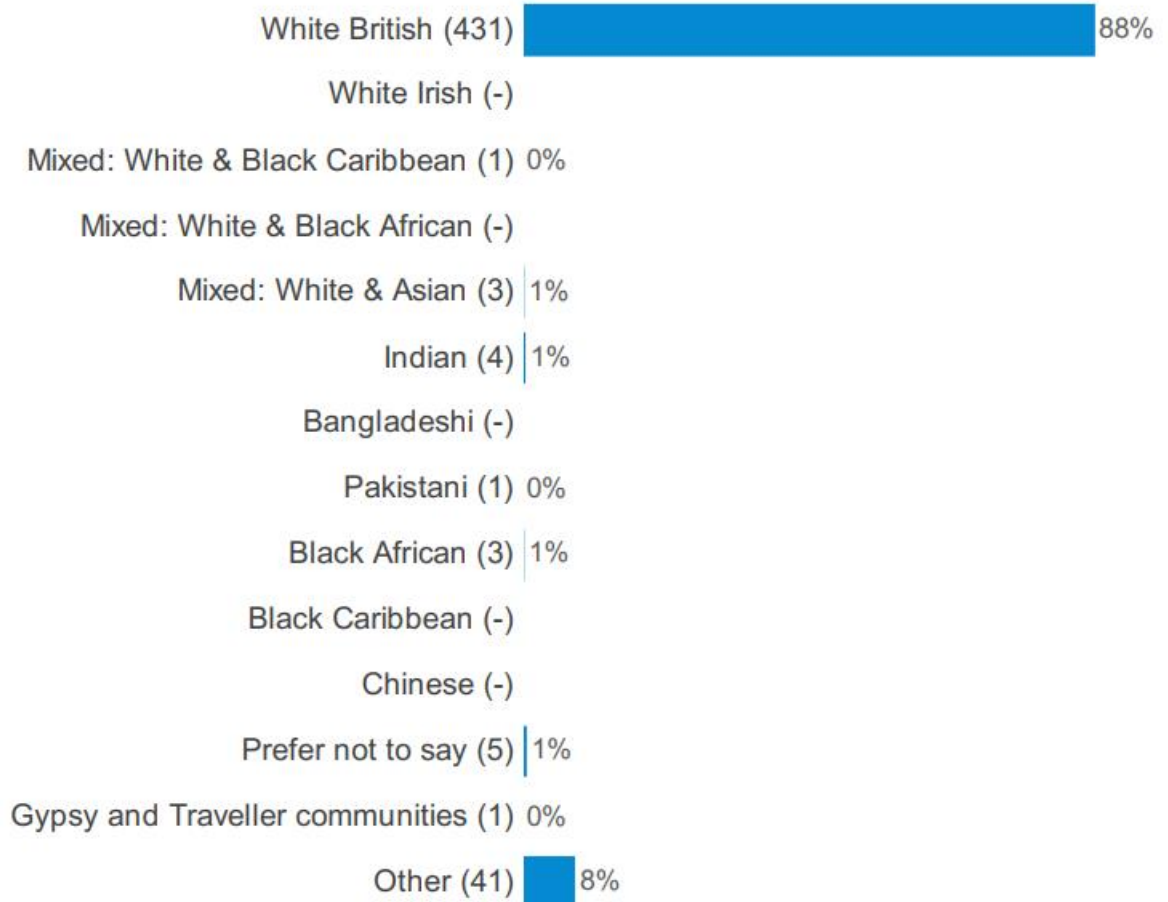


The response to whether respondents considered themselves to have a disability was as follows:

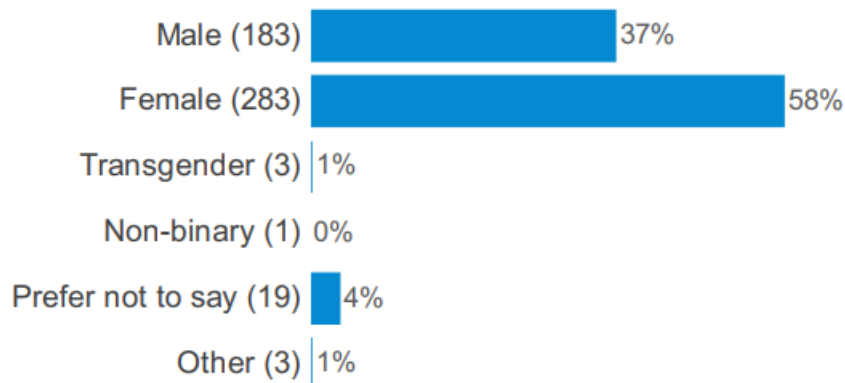


Respondents were asked to indicate their ethnic origin:

## Appendix 8 – Summary of consultation responses

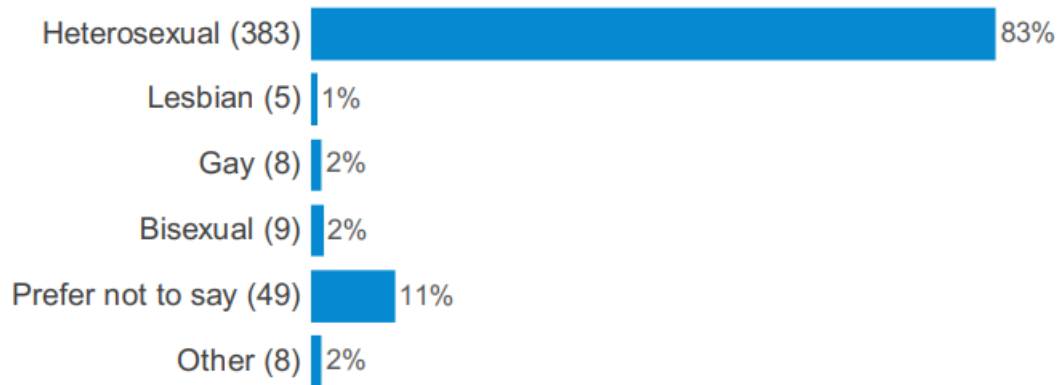


The breakdown in terms of sex of respondents was:

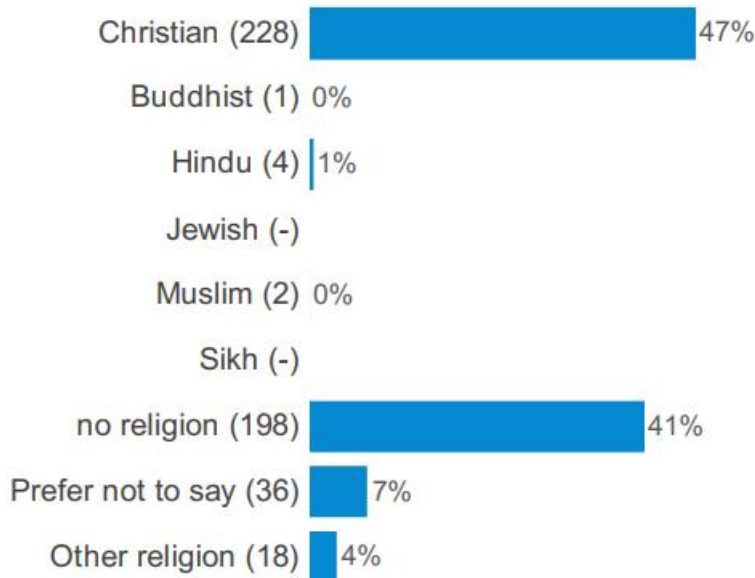


When asked about sexual orientation, responses were as follows:

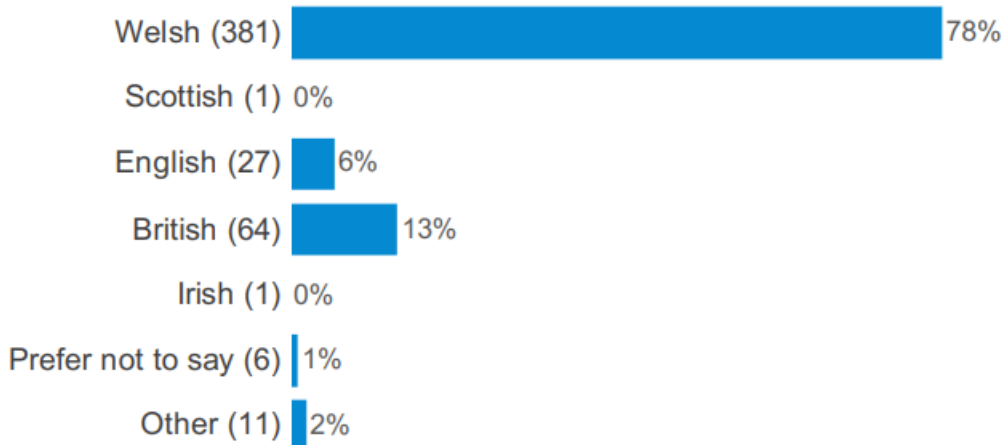
## Appendix 8 – Summary of consultation responses



Respondents were asked to indicate their religion / belief:



Finally, in terms of nationality, respondents identified as follows:

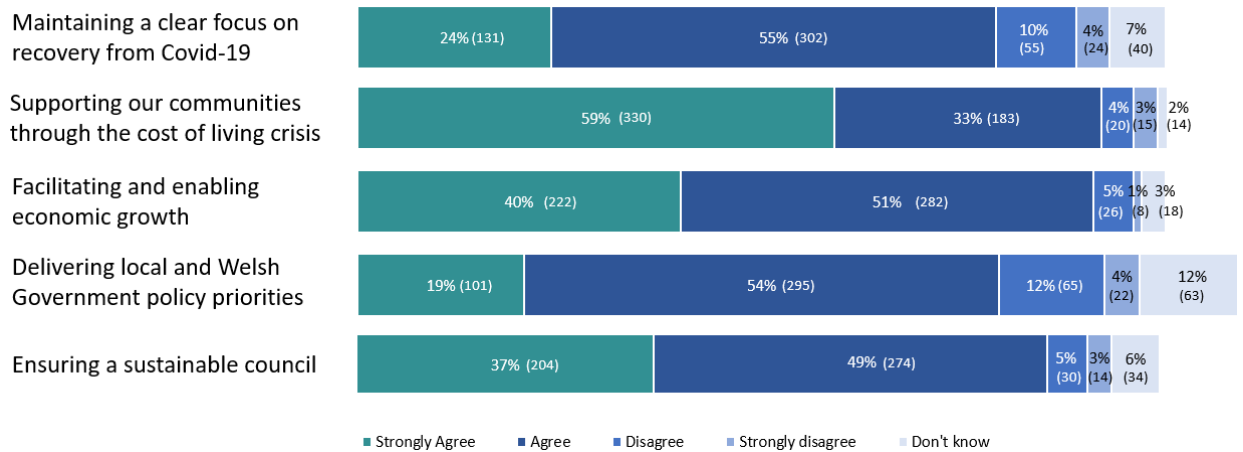




## Appendix 8 – Summary of consultation responses

### 3.3 Key Objectives

The 5 key objectives that the draft budget strategy is based on were outlined and respondents were asked to indicate to what extent they agree with these:



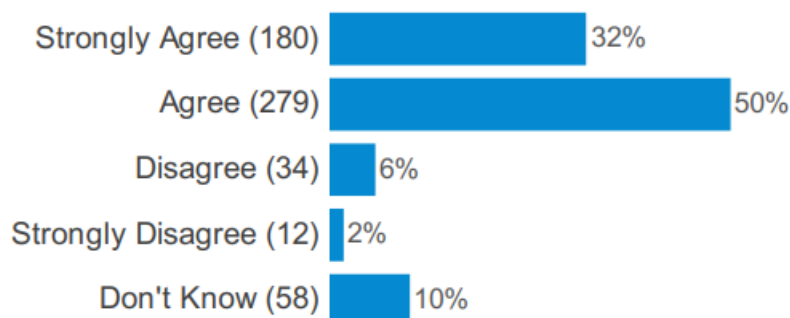
#### Consultation Themes - Key Objectives

Respondents were invited to expand on their responses to the question on key objectives and the following themes emerged:

- there was a high level of support for the five proposed areas of focus
- there were some concerns about WG policy priorities and whether sufficient funding accompanied these
- there were some comments that COVID-19 should now be behind us suggesting a lack of understanding of the ongoing impact

### 3.4 General Reserves

When asked how they feel about the proposal to use £3.5 million from general reserves to balance the budget in 2023/24, responses were as follows:



#### Consultation Themes - Use of Reserves

Respondents were invited to expand on their responses to the question on the use of reserves and the following themes emerged:

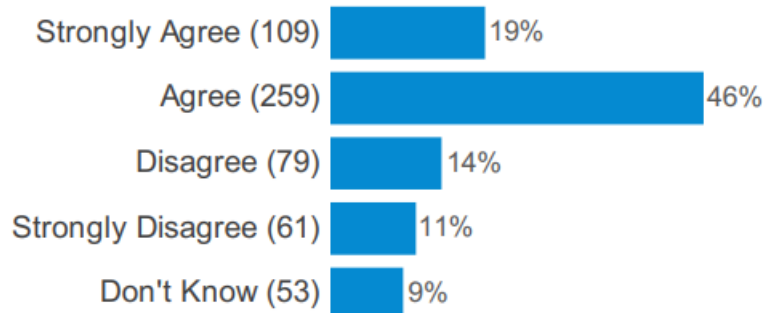
- there was a high level of support for using reserves next year

## Appendix 8 – Summary of consultation responses

- Some respondents expressed concern about the use of reserves if this created a risk to the sustainability of the Council

### 3.5 Specific Reserves

Respondents were asked how they feel about the proposal to use £1.4 million from specific reserves to help meet the cost of running indoor leisure services whilst further options are developed:



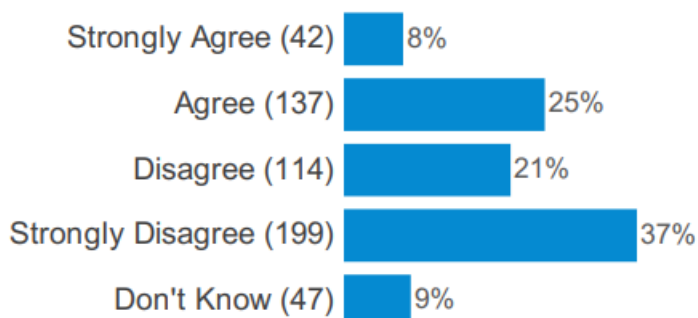
#### Consultation Themes - Leisure Services

Respondents were invited to expand on their responses to the question on the use of specific reserves to help meet the cost of running indoor leisure services whilst further options are developed and the following themes emerged:

- the majority of respondents supported this citing wellbeing
- however, a significant number of respondents did not support this complaining that users of the service should fund the costs of the service and that the Council's funds would be better directed to Education and Social Services

### 3.6 Council Tax

In terms of how they feel about the proposal to increase council tax by 4.5% next year, responses were as follows:



#### Consultation Themes - Council Tax

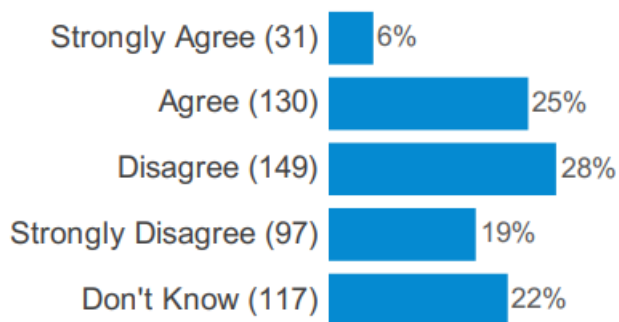
## Appendix 8 – Summary of consultation responses

Respondents were invited to expand on their responses to the question on the proposal to increase council tax by 4.5% next year and the following themes emerged:

- 33% strongly agreed/ agreed that council tax should rise by 4.5% stating that costs had risen so there was a need to raise income
- others were concerned about the impact on households, particularly those most impacted by cost of living
- there were many comments about the relative high levels of council tax here compared to other parts of Wales and whether this meant council services were value for money

### 3.7 [Fees and Charges](#)

When asked how they feel about the proposal to review fees and charges in line with inflation (currently at 10%), responses were as follows:



#### Consultation Themes - Fees and Charges

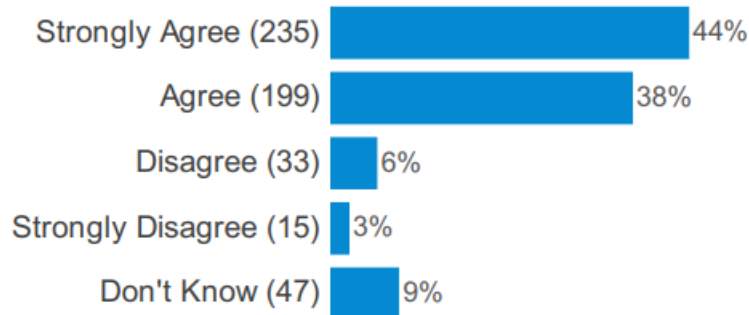
Respondents were invited to expand on their responses to the question on the proposal to increase fees and charges in line with inflation and the following themes emerged:

- 31% strongly agreed/agreed that fees and charges should increase in line with inflation, recognising that services need to be paid for
- Respondents who disagreed felt that 10% increase was too high citing the impact this would have on those experiencing hardship as a result of the cost of living crisis

### 3.8 [Satellite buildings](#)

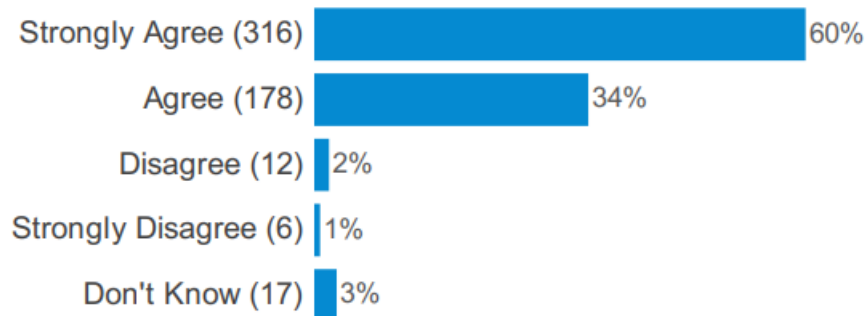
As part of a strategy to reduce costs, the draft budget included a proposal to close a number of satellite buildings and relocate staff from these to the main civic centres. Respondents were asked if they agree with this proposal:

## Appendix 8 – Summary of consultation responses



### 3.8 Energy Costs

The draft budget proposals stated that "Energy costs are anticipated to rise by 162% in 2023/24, and the council is looking for ways to reduce energy consumption". When asked if they agree that the council should do this, responses were as follows:



#### Consultation Themes - Accommodation and Energy

Respondents were invited to expand on their responses to the question on accommodation and energy and the following themes emerged:

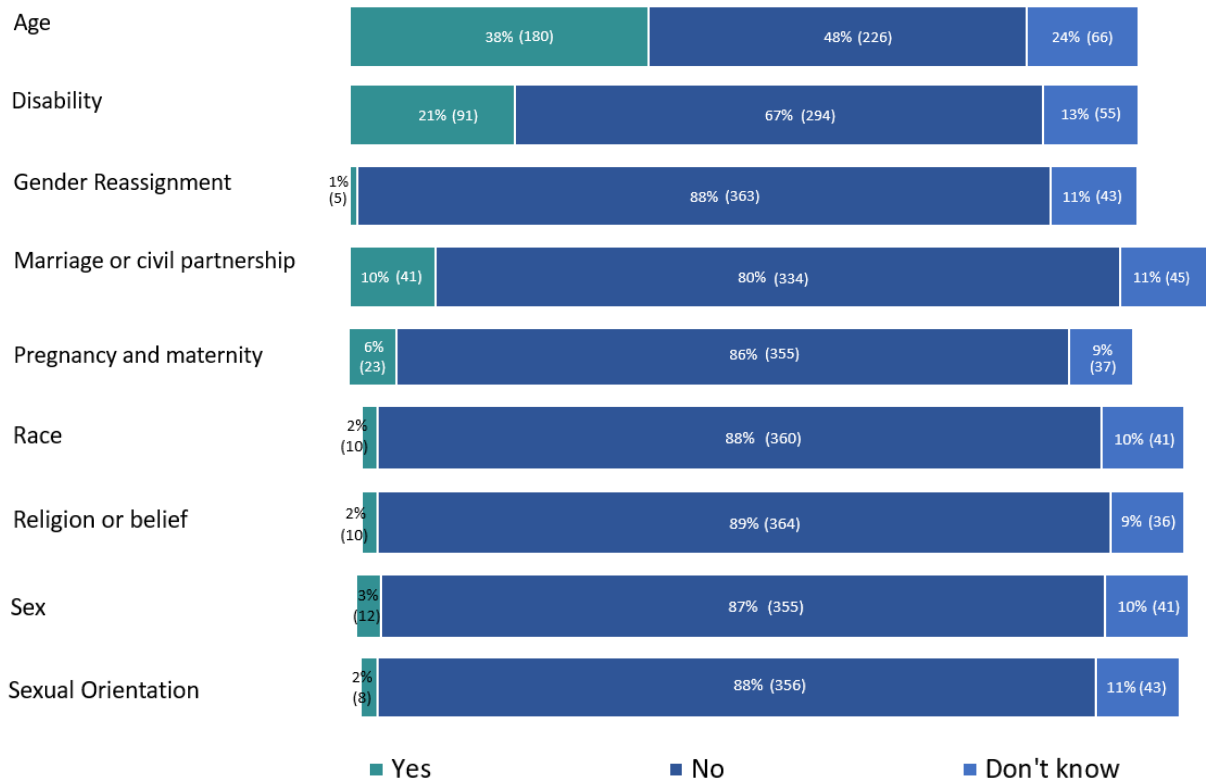
- Over 80% of respondents support the proposal to close satellite buildings and reduce energy consumption
- A number of schools expressed concern about the proposed 50% additional allocation feeling this would impact on their service

### 3.9 Other questions to inform the Integrated Impact Assessment

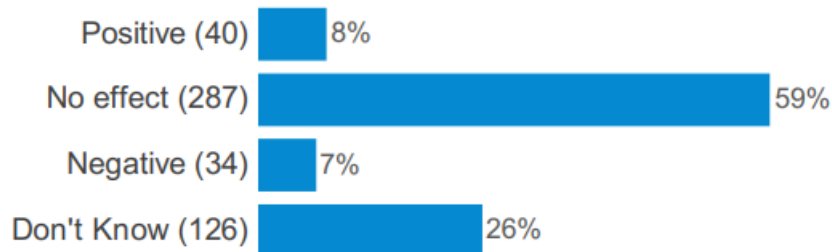
Respondents were asked a series of additional questions to help inform the Integrated impact assessment. These were as follows:

Would our Draft Budget 2023/24 proposals have an impact on you and/or your family because of your and/or their:

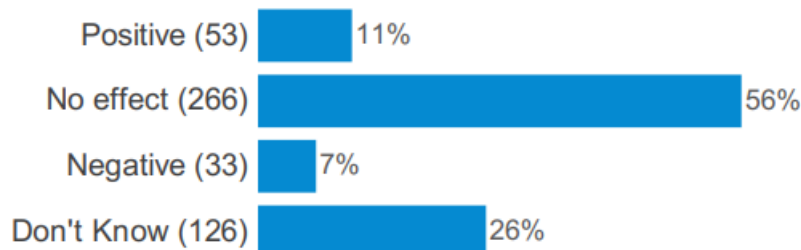
## Appendix 8 – Summary of consultation responses



What effect do you think our Draft Budget 2023/24 proposals will have on people's opportunities to use the Welsh Language?



What effect do you think our Draft Budget 2023/24 proposals will have on treating the Welsh language no less favourably than the English language?



## Appendix 8 – Summary of consultation responses

An annexe has been prepared which includes all suggestions received along with officer commentary as part of the pre consultation engagement and also during the formal consultation process. The Annexe also includes the thirteen written responses received.

### **Summary of Suggestions still under consideration**

- YDT (registered as a warm space) - with regard land at the back of the building, we asked if we can buy the land – it would be an opportunity for the council to raise money. Also, have you thought about solar panels on buildings?
- Can we go and speak to the bigger companies to see if they will be more forthcoming? / Could we look at some sort of corporate fund from these big companies?
- Sell Aberavon Shopping Centre Multi-Storey Car Park
- Review security arrangements now CCTV is 24/7
- Develop room hire 'offer' to maximise use of Council accommodation
- Limit external room hire
- Many suggestions to increase income by taking a more commercial approach
- Maximise the use of external funding
- Foster carers – feasibility of improving in-house 'offer' to reduce reliance on external/independent foster carers
- Set a clear policy for 'community hubs' to improve access for communities and promote more joined up working – reduce duplication etc
- Identify further measures to prevent/intervene early to limit the number of people in crisis
  - Review internal charging arrangements
  - Process reviews – mail monitoring; business support; performance data; room booking; upskill staff in systems thinking; debt management; i-Trent
  - Customer service – customer portal; user centric design;
  - Succession planning- expand apprentice and trainee programmes;
  - Promote flexible retirement and flexible working
  - Limit travel and maximise use of video conferencing
  - Review street lighting
  - Introduction of vending machines

## Appendix 8 – Summary of consultation responses

- Pricing of services – optimise this to accommodate different levels of service and ability to pay
- Review mayoral model
- Social Impact Bonds
- Sell land and assets
- More robust enforcement – litter; dog fouling; Proceeds of Crime;
- Reduce frequency of waste collection
- More plant based options in school catering
- Use more therapists in the assessment of care packages to ‘right-size’ care packages
- Greater use of digital solutions in the delivery of some aspects of care – medication management
- Consider more shared services – internally and with other organisations
- Focus on tourism, economic development
- Switch council tax demands to digital notification
- Digital timesheets for streetcare services
- Encourage more volunteering
- Community lottery

### **Workstreams already being progressed as part of the Medium Term Financial Plan (incorporating suggestions and comments from pre-consultation and consultation phases)**

- ❖ **Accommodation**
  - A phased review is now underway
- ❖ **Energy**
  - Initial urgent focus on reducing consumption
  - Short term focus on energy efficiency
  - Medium-long term focus on transition to renewables
- ❖ **Transport and Fleet**
  - Short term options for better utilisation – will include potential policy changes
  - Medium-long term options for reducing and transitioning the current fleet to renewables
- ❖ **Commissioning and Procurement**
  - Series of reviews to examine all external spend – efficiency and economy savings; market mix and value for money
- ❖ **Budget re-basing**
  - Complete work commenced in 2022-23
- ❖ **Statutory Services - Service Re-modelling**

## Appendix 8 – Summary of consultation responses

- In-depth consideration of service models to meet forecast need within anticipated funding limits
- ❖ **Discretionary Services – remodelling**
- Alternative sources of income and efficiency measures
- ❖ **Automation and process improvement**
- Deliver agreed pipeline of reviews – will also underpin other reviews
- ❖ **Empty Homes – Council Tax**
- Review of Council Tax levels for empty homes – consultation early 2023-24
- ❖ **Fees and Charges**
- Root and branch review of policy to inform the setting of fees and charges into future years



This Integrated Impact Assessment considers the duties and requirements of the following legislation in order to inform and ensure effective decision making and compliance:

- **Equality Act 2010**
- **Welsh Language Standards (No.1) Regulations 2015**
- **Well-being of Future Generations (Wales) Act 2015**
- **Environment (Wales) Act 2016**

1. Details of the initiative

	<b>Title of the Initiative:</b> Draft budget proposals 2023/24
<b>1a</b>	<b>Service Area:</b> Services as identified across the directorates
<b>1b</b>	<b>Directorate:</b> All
<b>1c</b>	<p><b>Summary of the initiative:</b></p> <p>This Integrated Impact Assessment relates to the Council’s budget proposals for 2023/24.</p> <p>The Draft Budget proposals include:</p> <ul style="list-style-type: none"> <li>➤ Investment of £11.9m in additional service pressures over and above cost increases arising as a result of inflationary pressures.</li> <li>➤ Savings of £15.352m none of which relate to cuts to services</li> <li>➤ Use of reserves of £4.9m (£1.4m specific &amp; £3.5m general) to assist in balancing the budget</li> <li>➤ An increase in Council tax of 4.5%</li> <li>➤ A proposed increase to a range of fees and charges</li> </ul>

	<p>The Council is legally required to produce a balance budget. In setting its budget the Council utilises funding received via the financial settlement from the Welsh Government including share of Non Domestic Rates, additional grants for specific service areas along with income from council tax.</p>
<p><b>1d</b></p>	<p><b>Who will be directly affected by this initiative?</b></p> <p>Residents and future residents of Neath Port Talbot, users of Council services, the Council’s directly employed workforce, the workforces and owners/trustees of organisations who are commissioned to operate services on the Council’s behalf through contracts for service, grants or other partnership arrangements, partners, funders and trade union representatives.</p>
<p><b>1e</b></p>	<p><b>When and how were people consulted?</b></p> <p>The Council undertook a number of engagement activities as part of its process in drawing up the draft revenue budget proposals. The engagement activities provided an early opportunity for a wide range of stakeholders to feed ideas into the budget process and to shape the overall strategy. Activities included: an all-Member seminar; briefings held virtually and face to face with staff and trade union representatives; discussions with primary and secondary headteacher representatives as well as the Schools Forum; Members of the Cabinet also held twelve engagement sessions across the County Borough to explain the financial position the Council is facing to residents and held a number of meetings with Members of the Senedd and Members of Parliament to explain the Council’s financial position and to seek their support in getting a fair settlement for local government.</p> <p>The Cabinet considered the draft revenue budget for 2023-24 at its January 2023 meeting and authorised formal public consultation between 19<sup>th</sup> January and 10<sup>th</sup> February 2023.</p>

	<p>A separate budget consultation report is included with this report and that summarises the consultation activities, responses received and main themes emerging. A separate schedule has also been prepared listing all narrative comments received during the pre-consultation and consultation phases together with the office responses to each comment.</p>
<p><b>1f</b></p>	<p><b>What were the outcomes of the consultation?</b></p> <p><b>Key objectives</b> – there was broad agreement to the five key objectives that provide the strategic framework for the budget proposals</p> <p><b>Council Tax</b> – 33% agreed/strongly agreed that Council Tax should increase by 4.5% with respondents commenting that costs have increased so income needs to increase to pay for services. 58% disagreed/strongly disagreed expressing concern about the cost of living pressures and a further 9% did not know whether Council tax should increase, or not</p> <p><b>Reserves</b> – 82% agreed/strongly agreed that reserves should be used to balance the budget in 2023-24. 10% did not know if reserves should be used.</p> <p><b>Use of Specific Reserves</b> to fund Celtic Leisure indoor leisure services in 2023-24- 65% agreed/strongly agreed but 25% disagreed/strongly disagreed with this proposal. Where respondents disagreed it was mainly because they felt there were more important priorities for investment.</p> <p>Increase fees and charges by inflation (10%) - 31% agreed/strongly agreed with this proposal and 47% Disagreed/strongly disagreed. 22% did not know. Where respondents disagreed it was related to concerns about cost of living pressures.</p> <p><b>Closure of satellite offices and reduction in energy consumption</b> - there was a high level of support for both of these options. Some schools expressed concern about an uplift of 50% in their energy budgets concerned at the impact energy costs could have on other activities</p>

The Labour Group did not comment specifically on the budget proposals but offered a number of suggestions for increasing income and reducing expenditure. Many of these have been considered within the budget process. New suggestions are under consideration.

The NPT CVS responding on behalf of the Third Sector acknowledged the pressures on the Council and was positive about the openness of the consultation. Early notice of impacts on the sector were requested noting that the Council was unable to confirm impacts fully as many Welsh Government grants were yet to be confirmed.

### **Changes to original proposals**

**Council Tax** – a number of additional mitigation actions have been identified to reduce the impact of the proposed 4.5% of some residents. These include additional welfare rights workers to help residents maximise their income; improved means testing arrangements to create a ‘tell us once’ model; faster payments to some micros businesses and SMEs; additional joint working to support residents in debt management and recovery processes.

**Fees and Charges** – a reduction in the income target from circa £2million to £800k. Most charges within the Council’s control to be inflated by 5% not 10%. Pest control fees to be frozen at 2022-23 levels and car parking to increase by a quantum of £200k with detailed options to be presented to Cabinet following the setting of the budget.

**Vulnerable young people** – A proposed time-limited budget to provide targeted support to those most vulnerable young people who are struggling to re-engage with their learning. This will be a joint initiative between secondary schools, education and children’s services departments.

## 2. Evidence

What evidence was used in assessing the initiative?

Service areas collect and more importantly utilise data on service users as part of the ongoing development and delivery of individual services. In addition to the number of people using the service other relevant information such as age, sex, disability, etc., is also collected which in turn informs policy development and service provision.

Detailed analysis of a range of budget heads was carried to examine how spending patterns had changed over the pandemic period. This identified circa £1 million of surplus budgets related to office expenditure. The detailed proposals were consulted upon with service managers prior to being confirmed in the final budget proposal.

A survey of managers who control fees and charges was undertaken to establish which fees and charges were within the Council's control, risks associated with a proposed increase of 10% and also to eliminate any double counting of income related to leisure services where a subsidy reduction target has been identified. The feedback from service managers was considered alongside the public consultation feedback to arrive at the final budget proposals. A fuller review will be conducted in 2023-24 to inform policy for future years.

In terms of inflation, factors built into budget assumptions were drawn from published government reports, the Institute for Fiscal Studies analyses and by benchmarking with other local authorities.

Service pressures were developed from service activity data. Contract price changes were drawn from final tender prices or from open book exercises reaching conclusion.

The public consultation questionnaire specifically asked respondents to comment on how the budget proposal would impact on them.

### 3. Equalities

#### a) How does the initiative impact on people who share a protected characteristic?

Protected Characteristic	Why will it have this impact?
Age Disability Gender reassignment Marriage & civil partnership Pregnancy and maternity Race Religion or belief Sex	<p>The questionnaire used during the public consultation specifically asked respondents to indicate whether they felt the draft Budget 2023/24 proposals would have an impact on them and/or their family because of any of the 9 protected characteristics set out in the Equality Act 2010.</p> <p>Of those that responded, the numbers indicated that the proposals would have an impact were as follows:</p> <ul style="list-style-type: none"> <li>Age – 38% (180). The main themes in the reasons for the responses to this included an increase in council tax would increased financial pressures for those living on pensions, as well as making it harder for young people to afford a house and start a family. It was also felt that economic growth and good jobs are needed for young people to progress with a career. There were concerns</li> </ul>

<p>Sexual orientation</p>	<p>from younger people that cuts to the education budget might impact on education and outside of school activities. People in the older age groups were also concerned about cuts to services and potential for social isolation. Two people. Some felt it was important to continue to be able to access leisure and library services, whilst one objected to paying more council tax to subsidise leisure services.</p> <ul style="list-style-type: none"> <li>• Disability – 21% (91). The main themes in the reasons for the responses to this included concerns about increase in council tax; some are already feeling financial pressures; more services/support needed for disabled people and those with learning disabilities; concerns about parking, including accessibility and cost; concerns about solation; feeling that it is important to keep leisure facilities; concerns about people’s mental health being affected.</li> <li>• Gender reassignment – 1% (5). There were reasons given for the responses relating to gender reassignment</li> <li>• Marriage &amp; civil partnership – 10% (41). The main themes in the reasons for the responses to this included concerns about increase in council tax; some are already feeling financial pressures; increased costs will put added strain onto marriages/relationships</li> <li>• Pregnancy and maternity – 6% (23). The main themes in the reasons for the responses to this included that people on maternity pay are already struggling financially, increased financial strain on households, feeling that being pregnant or paying for childcare is not affordable.</li> <li>• Race – 2% (10). One respondent felt that there is a lack of representation of people from black and ethnic minority backgrounds within the area and it should be a priority of NPT Council to support and encourage people from such backgrounds to reside in the area. This respondent asked how the budget supports the Welsh Government’s race equality plan’s requirement for public</li> </ul>
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	<p>services and local authorities alike should be making a meaningful difference to the lives of black and ethnic minority people</p> <ul style="list-style-type: none"> <li>• Religion or belief – 2% (10). One respondent was concerned that fewer people will go to Church and donations to the Food Banks will decrease.</li> <li>• Sex – 3% (12). There were reasons given for the responses relating to sex</li> <li>• Sexual orientation – 2% (8). There were reasons given for the responses relating to sexual orientation</li> </ul> <p>The percentages for responses to the closed questions on each of the key proposals from people who identified with any of the protected characteristics were compared to those of all respondents. The purpose was to identify whether the proposals might disproportionately affect these groups. Any noteworthy variations are outlined below:</p> <ul style="list-style-type: none"> <li>• proposal to increase council tax by 4.5% next year 33% of all respondents agreed/strongly agreed with this proposal. Some of the older age groups (50+) were more likely to agree/strongly agree with this proposal (50-59 = 38%, 70-74 = 52%, 75-85 = 53%), although no one in the 86+ age group agreed. Some of the 49 and under age groups were more likely to disagree/strongly disagree (16-24 = 62%, 25-29 = 75%, 30-39 = 68%). None of the respondents who were pregnant or on maternity leave agreed/strongly agreed with this proposal. None of the Hindu, Buddhist or Muslim respondents agreed with this proposal. More male respondents (42%) agreed/strongly agreed with this proposal than Female respondents. Almost double the percentage of respondents (62%) who indicated they were gay agreed or strongly agreed with this proposal compared to the percentage of all respondents (33%)</li> </ul>
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- proposal to review fees and charges in line with inflation (currently at 10%)  
47% of all respondents disagreed/strongly disagreed with this proposal, this was higher for the 25-29 (52%) and 30-39 (57%) year age groups.
- proposal to close a number of satellite buildings and relocate staff from these to the main civic centre  
9% of all respondents disagreed/strongly disagreed with this proposal, this was higher for the 86 years+ (33%) age group

The budget mitigates the impact of the Welsh Government Provisional Settlement of 7.1% which is below the estimated increase in costs – consequently it protects investment for children and young people as it increases budget provision for schools by 8%, children’s social services by over 10% and provides a time limited project budget of £3 million to enable targeted support for young people struggling to re-engage with their learning.

The budget also provides £2.8 million equating to 50% of the energy baseline budget to help schools and children’s services introduce actions that reduce energy consumption and energy costs.

The budget provides an above inflation increase of 15% for social services. This will help stabilise social services for frail, elderly residents, for those disabled and mentally ill people who need care and support and for carers.

Council is committed to prioritising investment in schools and educating children by increasing its investment in schools as demonstrated by a 8% increase in the Delegated Budgets for Schools.

	<p>An increase in funding for other Education Leisure and Lifelong Learning Services will help to protect services to vulnerable families and children through the provision of additional support for learners as well as funding increased capacity following the roll out of the Additional Learning Needs Legislation.</p> <p>Investment in children’s and adult social services will continue to support people with learning disabilities and general provision towards care package costs. This investment will improve service provision to children and the elderly. Any specific changes to services will be the subject of separate impact assessments.</p>
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What action will be taken to improve positive or mitigate negative impacts?

The activities supported by the time limited project budget will be evaluated to assess the impact on the cohort of young people that will be the focus of the intervention.

Remodelling proposals will be brought forward in 2023-24 to inform the remainder of the medium term financial plan period in relation to the Council’s duties to meet the needs of residents.

**b) How will the initiative assist or inhibit the ability to meet the Public Sector Equality Duty?**

Public Sector Equality Duty (PSED)	Why will it have this impact?
<p>To eliminate discrimination, harassment and victimisation</p> <p>To advance equality of opportunity between different groups</p> <p>To foster good relations between different groups</p>	<p>The budget objectives include maintaining a focus on recovery from Covid and supporting communities through the cost of living crisis.</p> <p>Evidence from national reports compiled by the Welsh Government through the Public Health Wales service identify a widening of inequality/inequity over the pandemic period and more recent publications by the Bevan Foundation and the Joseph Rowntree Foundation show that poverty is further deepening as a result of the cost of living crisis. People who share a protected characteristic are particularly impacted.</p> <p>The budget seeks to maintain services in 2023-24 and to maintain security of employment to the maximum extent possible. The budget increases education and social services budgets beyond the funding provided by Welsh Government recognising that more people are seeking additional help from these services at the present time. The budget also proposes additional mitigation for residents through increased welfare rights activity; streamlined means testing; faster payments to some micro businesses and SMEs; and a continuation of joint working with the Third Sector to help those experiencing debt.</p> <p>The budget recognises the continuing pressure on housing services, particularly those that are targeted to people who are homeless and the need to find more move-on accommodation and support.</p>

What action will be taken to improve positive or mitigate negative impacts?
<p>There will continue to be close monitoring of homelessness services and also the services provided to those seeking asylum or who are refugees.</p> <p>The NPT Safe and Well partnership has been refocused on the cost of living crisis and the wider poverty prevention agenda. Shared Prosperity Fund grant has been approved to support the partnership which is jointly led by the Council and Council for Voluntary Services</p>

**4. Community Cohesion/Social Exclusion/Poverty**

	Why will it have this impact?
Community Cohesion	There is a sustained oversight of homelessness provision and the support being provided to asylum seekers and those who are refugees
Social Exclusion	See above
Poverty	<p>Evidence from national reports compiled by the Welsh Government through the Public Health Wales service identify a widening of inequality/inequity over the pandemic period and more recent publications by the Bevan Foundation and the Joseph Rowntree Foundation show that poverty is further deepening as a result of the cost of living crisis. People who share a protected characteristic are particularly impacted.</p> <p>The Public Services Board has adopted the Council’s wellbeing objectives and has established a partnership to address cost of living and poverty. Additional work in 2023-24 proposed by the Council includes increasing welfare benefits activity,</p>

## Appendix 9 – Integrated Impact Assessment

	supporting those affected by debt, continuing to signpost people to help and support available within the community, continuing to administer grants to Third Sector organisations who are supporting food banks, period dignity and other similar matters
What action will be taken to improve positive or mitigate negative impacts?	
Officers will continue to gather intelligence through the community and partner agencies to identify where the Council can take additional action to help those continuing to be impacted by covid and the cost of living.	

### 5. Welsh

	+	-	+/-	Why will it have this effect?
What effect does the initiative have on: – people’s opportunities to use the Welsh language		✓		<p>The Council currently has relatively small numbers of staff with Welsh language skills. Opportunities for staff to use their language skills will continue to be promoted and training will continue to be made available.</p> <p>During the consultation the questionnaire asked respondents to indicate what effect they think the Draft Budget 2023/24 proposals will have on people's opportunities to use the Welsh Language. Of those that responded to this question, the majority (59%/287) thought they would have no effect, 8% (40) thought they would have a positive</p>

			<p>effect, 7% (34) thought they would have a negative effect and 26% (126) didn't know.</p> <p>Of those who though they would have a positive effect, the reasons included:</p> <ul style="list-style-type: none"> <li>• It's good that resources are being used to improve schools in the area with as much attention given to Welsh schools.</li> <li>• Continuing opportunities for adult learners to learn Welsh</li> </ul> <p>Of those who though they would have a negative effect, the reasons included:</p> <ul style="list-style-type: none"> <li>• The need to meet the budget shortfall could lead to what may be considered as non essential plans being scrapped or overseen</li> <li>• On one of the sheets a proposed cut to (library) books is stated. This would clearly mean that libraries would be able to buy far fewer Welsh books than they do now. This will be especially bad for children and learners who would be unable to find a range of books in Welsh</li> <li>• Less money less opportunity to pay for Welsh lessons</li> <li>• If people are unable to participate in community life because of a lack of resources it reduces their opportunity to socialise, which is of crucial importance in learning/extending language skills and confidence</li> </ul>
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<p>- treating the Welsh and English languages equally</p>	<p>✓</p>		<p>The Council is committed to the principles as embodied in the Welsh Language Measure (2015) and the standards in particular will continue so that the Welsh language is treated no less favourably than the English language</p> <p>The budget provides funding for a new starter Welsh Medium Primary School, supporting the objectives set out in the Welsh in Education Strategic Plan</p> <p>During the consultation the questionnaire asked respondents to indicate what effect they think the Draft Budget 2023/24 proposals will have on treating the Welsh language no less favourably than the English language. Of those that responded to this question, the majority (56%/266) thought they would have no effect, 11% (53) thought they would have a positive effect, 7% (33) thought they would have a negative effect and 26% (126) didn't know.</p> <p>Of those who though they would have a positive effect, the reasons included:</p> <ul style="list-style-type: none"> <li>• It's good that resources are being used to improve schools in the area with as much attention given to Welsh schools.</li> <li>• Through treating the Welsh language no less favourably than the English language, it may open opportunities for more native Welsh speakers to engage in Council events and proposals who may only engage through the Welsh medium. Additionally, it</li> </ul>
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				<p>may also serve to improve undertaking in studies of the Welsh language.</p> <ul style="list-style-type: none"> <li>• Npt is strengthen the provision of Welsh in schools</li> </ul> <p>Of those who though they would have a negative effect, the reasons included:</p> <ul style="list-style-type: none"> <li>• Welsh language has a low level of visibility and audibility in NPT and changing that would require additional investment</li> <li>• The need to meet the budget shortfall could lead to what may be considered as non essential plans being scrapped or overseen</li> <li>• Translation services must be costing a fortune</li> <li>• Any cut in budget will effect the council's ability to provide services.</li> </ul> <p>You have bigger concerns</p>
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What action will be taken to improve positive or mitigate negative impacts?



Officers will monitor the implementation of the proposals.

## 6. Biodiversity

How will the initiative assist or inhibit the ability to meet the **Biodiversity Duty**?

Biodiversity Duty	+	-	+/-	Why will it have this impact?
To maintain and enhance biodiversity				Unknown. There is no clear route to demonstrate either positive or negative impact on biodiversity.
To promote the resilience of ecosystems, i.e. supporting protection of the wider environment, such as air quality, flood alleviation, etc.				The budget provides additional funding to extend active travel routes

What action will be taken to improve positive or mitigate negative impacts?

Future impacts assessment will benefit from the biodiversity service assessments which are currently being undertaken to help determine what, if any, impacts service areas have on biodiversity. The assessments will help inform where services areas will be required to undertake specific assessments when appropriate to determine the extent and any mitigating actions of future changes to service/policy, etc. as part of delivery of the Biodiversity Duty Plan

## 7. Wellbeing of Future Generations

How have the five ways of working been applied in the development of the initiative?

Ways of Working	Details
i. <b>Long term</b> – looking at least 10 years (and up to 25 years) ahead	Work has commenced on developing a medium term financial plan to cover the period 2023-2028. This plan highlights that there is a significant financial gap between the estimated funding available and the cost of running Council services over that period. Work will continue during 2023/24 financial year in relation to closing this budget gap. The MTPF directly supports the Corporate Plan which sets out objectives for the next 20 years.
ii. <b>Prevention</b> – preventing problems occurring or getting worse	Proposals protect investment in early intervention and prevention programmes and also provides £3 million time limited funding to target support for young people who are struggling to re-engage with their learning.

	<p>The budget strategy seeks to provide stability over 2023-24 for the Council to continue its recovery from Covid and to support residents impacted by the cost of living crisis.</p>
<p>iii. <b>Collaboration</b> – working with other services internal or external</p>	<p>Pre-consultation engagement activities enabled a range of stakeholders to shape the budget strategy from an early point. Additionally the NPT PSB has adopted the Council’s wellbeing objectives enabling a close alignment between the Council’s own work and the work of the partnership to be achieved.</p> <p>The Council will work with partners and the wider community as the budget is implemented</p>
<p>iv. <b>Involvement</b> – involving people, ensuring they reflect the diversity of the population</p>	<p>The consultation was communicated as widely as possible given the short window within which we could consult and a significant amount of pre-consultation engagement has taken place.</p>
<p>v. <b>Integration</b> – making connections to maximise contribution to:</p> <p><b>Council’s wellbeing objectives</b></p>	<p>The financial settlement and the specific grants that underpin Council services are key to the delivery of the Council’s wellbeing objectives thereby having a positive impact.</p> <p>The proposals will help ensure the business of the Council is managed to maximise the long term benefit for the citizens of Neath Port Talbot (the crosscutting objective relating to governance and resources).</p>

<b>Other public bodies objectives</b>	It is possible to demonstrate the alignment between the Council’s Corporate Plan, the Public Services Board Plan and other key planning arrangements which will ensure a more holistic approach to improving outcomes over the lifetime of all plans.
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## **9. Monitoring Arrangements**

Provide information on the monitoring arrangements to:

Monitor the impact of the initiative on Equalities, Community Cohesion, the Welsh Measure, Biodiversity Duty and the Wellbeing Objectives.

Officers will monitor the response to the proposals. The achievement of the budget will be set out in revenue budget monitoring reports throughout the year.
--

## **10. Assessment Conclusions**

Please provide details of the conclusions reached in relation to each element of the assessment:

	Conclusion
Equalities	The budget protects those services that support people who share protected characteristics by providing an increase above the level provided by Welsh Government. Additional funding for young people of £3 million is provided to help those struggling to re-engage with their learning

## Appendix 9 – Integrated Impact Assessment

	and there is additional mitigating action identified to maximise the income of residents and to help those in debt.
Welsh	The budget proposals do not include any reductions in staff numbers so there should be limited impact on the Welsh language. Opportunities remain for staff to use their language skills will and further training will be made available and promoted. The budget provides investment for the Welsh Medium Starter School
Bio	There is no clear route to demonstrate either positive or negative impact on biodiversity or the resilience of ecosystems however the budget does provide capacity to attract additional funding that can extend active travel routes.
WBFG	<p>The Council has worked hard to strike the right balance in its budget proposals for 2023/24 including the use of £4.9m from reserves to mitigate the impact of council tax rises as much as possible.</p> <p>This has included increases in funding for some services that enable early intervention and prevention activities that reduce demand on public services whilst promoting wellbeing; protection for integrated services that have been established to deliver more joined up services for citizens; protection for services that have a long term impact on sustainability; and protection for key collaborative arrangements. The areas that have received additional funding are reflected in the four Well-being objectives that the Council has set.</p>

### Overall Conclusion

The budget seeks to:

- **Enable the Council to continue to deliver its recovery plan**
- **Support NPT communities through the cost of living crisis**
- **Enable the Council to engage with investors**
- **Deliver local and WG policy priorities**
- **Sustain the Council**

The budget seeks to maintain essential services and to protect employment to the maximum extent possible whilst limiting the burden on council tax payers and users of services.

## 11. Actions

What actions are required in relation to obtaining further data/information, to reduce or remove negative impacts or improve positive impacts?

Action	Who will be responsible for seeing it is done?	When will it be done by?	How will we know we have achieved our objective?
Undertake public consultation on draft budget proposals	Chief Finance Officer	Between 19th January 2023 and 10 <sup>th</sup> February 2023	<ul style="list-style-type: none"> <li>• Consultation responses received</li> </ul>
Consider consultation responses and amend proposals where appropriate	Senior Management Teams	During and at the conclusion of the consultation	<ul style="list-style-type: none"> <li>• Revised budget report, including any proposed amendments, for consideration at Cabinet,</li> </ul>

## Appendix 9 – Integrated Impact Assessment

			Cabinet Scrutiny and Council
Present final budget proposals to Cabinet	Corporate Directors Team	1 <sup>st</sup> March 2023	<ul style="list-style-type: none"> <li>• Approval of a budget for 2023-24</li> </ul>
Present final proposals to Council	Cabinet	2 <sup>nd</sup> March 2023	<ul style="list-style-type: none"> <li>• Approval of the budget and the setting of the Council Tax</li> </ul>
Monitor the achievement of the budget	Corporate Directors Team	Quarterly through 2023-24	<ul style="list-style-type: none"> <li>• Expenditure contained within cash limits</li> </ul>

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Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### CABINET

1<sup>st</sup> March 2023

### REPORT OF THE CHIEF FINANCE OFFICER

HUW JONES

#### MATTER FOR DECISION

WARDS AFFECTED: ALL

### **CAPITAL STRATEGY AND CAPITAL PROGRAMME 2023/24 TO 2025/26**

#### **Purpose of report**

The purpose of this report is to set out the Capital Strategy and Capital Programme for 2023/24 to 2025/26.

#### **Capital Strategy**

The Capital Strategy sets out the Capital Programme planning process, governance and financial sustainability considerations. It also needs to be read in conjunction with the Council's Treasury Management Policy and helps to determine the amount of capital investment built into the Council's budget. The Council's Capital Strategy appears in Appendix 1 of this report.

#### **Updated Capital Programme for 2022/23**

The original Capital Programme totalled £70.415m, the updated programme for 2022/23 currently stands at £48.360m with the major variations having been reported to Cabinet and Council as part of the ongoing budget monitoring arrangements.

### **Welsh Government Capital Settlement 2023/24**

The total Provisional Capital Settlement on an all Wales basis has increased from £768.812m to £925.948m on a like for like basis; with amounts still to be confirmed for a small number of grants in the Education and Welsh Language, Climate Change, Health and Social Services and Economy portfolios. The Un-hypothecated base budget of the Capital Settlement for All Wales has increased from £150.000m to £180.000m.

### **Neath Port Talbot – General Capital Funding**

The amount of funding included in the 2023/24 settlement is £8.971m with £4.545m paid as a capital grant and the remaining £4.426m treated as supported borrowing with an allowance included in the revenue settlement to pay for the debt charges.

In addition to the funding provided by the WG the Council also budgets for the use of £1.3m per annum to underpin the Capital Programme being made available via capital receipts arising from the sale of council assets.

The Council has also built into its 2023/24 revenue budget funding to support £5m of prudential borrowing recognising the importance of continued capital investment within the County Borough.

The following table sets out the amount of funding available to the Council to distribute to capital projects.

### **Projected Capital Programme Funding to underpin the NPT Capital Programme**

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
WG Base Funding	7,488	8,971	9,000	9,000
Capital Receipts	1,300	1,300	1,300	1,300
Prudential Borrowing	5,000	4,000	2,750	2,750
<b>Total Available Funding</b>	<b>13,788</b>	<b>14,271</b>	<b>13,050</b>	<b>13,050</b>

The table below sets out the distribution of the above mentioned funding to service areas:

<b>Service</b>	<b>2022/23 £'000</b>	<b>2023/24 '000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Education	1,100	1,100	1,100	1,100
Schools ICT – HWB Grant Sustainability	200	250	250	250
Leisure	150	150	150	150
Margam Castle Stonework Repairs	200			
Highways and Engineering Maintenance	1,625	1,625	1,625	1,625
Highways and Engineering Maintenance – Completion of 2022/23 Programme of Works		200		
Additional Highways Improvements	275			
Environment Street scene Improvements	500	500	500	500
Additional major engineering works	250	1,000		
Match funding for grants (including flood prevention)	500	500	500	500
Neighbourhood Improvements	150	150	150	150
Pavilions	100	100	100	100
Regeneration	2,275	2,275	2,275	2,275
Aquasplash Toilet	50			
Match Funding – Former Plaza	100			
Disability Access	150	150	150	150
Health & Safety	850	850	850	850
Social Services	150	150	150	150
Disabled Facilities Grants	3,000	3,000	3,000	3,000
Civic Accommodation Modernisation				
Catch Up, Clean Up, Green Up / Public realm improvements	750	750	750	750

Decarbonisation Strategy (DARE) including Electric Vehicle Charging Stations	250	250	38	250
Income Generation Proposals	250	250	250	250
Contingency	913	1,021	1,212	1,000
Total	13,788	14,271	13,050	13,050

The current budget allocations to Education, Leisure and Social Services provide important investment to maintain buildings infrastructure including roofs, heating, lighting etc. The investment in Highways and Neighbourhood improvements will maintain transport, bridges and other structures.

The programme includes an extension of the current 'Catch up, clean up, green up / public realm improvement programme' with a further £750k allocated per annum for the 2024/25 and 2025/26 financial years.

This is in addition to the £4.25m programme of works which has already been agreed and which is currently in the process of being delivered across the county borough.

**Delegation arrangements**

Where allocations are proposed for the following service areas:

- Education
- Leisure
- Pavilions
- Health and Safety
- Social Services

It is recommended that Cabinet provide delegated authority to the relevant Corporate Director in conjunction with the Director of Environment and Regeneration to determine resource allocations to individual projects.

In relation to the Highways and Engineering works programme and Catch up, Clean Up, Green up programme it is proposed that individual projects should be agreed at the relevant Cabinet Board.

### **Additional Capital Funding**

In addition to the funding provided by WG the Council's capital programme is supplemented by projects funded from other sources which include:

#### **Prudential Borrowing**

The Council only enters into prudential borrowing arrangements when it can demonstrate that it is prudent, sustainable and affordable to do so. In order to minimise the revenue costs associated with prudential borrowing the Council will look to first utilise other available sources of funding such as capital receipts.

#### **Specific Grants**

Funding provided for specific projects from various sources such as European Funding, Welsh Government Departmental Budgets, Heritage Lottery fund etc. As is the nature of this type of funding there is less availability and certainty for the latter years of the Capital Programme.

#### **Other sources**

Various other smaller sources including specific reserves, private sector investment etc.

### **Major Investment Initiatives**

The following paragraphs detail some of the major investment initiatives being delivered across the County Borough.

#### **21<sup>st</sup> Century Schools**

The Council is coming to the latter end of delivering the second phase of 21<sup>st</sup> Century Schools investment known as Band B, this phase will have seen a further c£80.5m invested in new schools.

The current Band B programme includes Ysgol Newydd Swansea Valley – construction of a new English-medium primary school for boys and girls aged 3-11 years. The new build 21<sup>st</sup> Century facility will accommodate circa 630 full-time pupils and 140 part-time nursery age pupils which will provide a stimulating teaching and learning environment in state of the art facilities.

Options around this proposal are currently being consulted on with a final decision expected in the Spring of 2023. This capital programme includes the previously agreed funding allocations however this is not

intended to pre-empt any decision that the Cabinet may take around the proposal.

### County Borough Regeneration

The Council continues to invest significantly in regeneration projects across the County Borough. The next phase of the re-development of the former Crown Foods Site will commence in 2023/24.

### City Deal

The UK Government has approved Neath Port Talbot's Business Case 'Supporting Innovation and Low Carbon Growth' and Homes as Power Stations (HAPS).

The 'Supporting Innovation and Low Carbon Growth Programme totals £58.83m with £47.7m being contributed from the City Deal Grant. The balance of the funding is due from other public sector funding (£5.63m) and private sector funding (£5.5m).

The Homes as Power Stations Programme totals £505.5m with £15m being contributed from the City Deal Grant. The balance of the funding is due from other public sector funding (£114.6m) and private sector funding (£375.9m).

Appendix 2 of this report details the 8 projects that make up the City Deal programme.

### Shared Prosperity Fund (SPF)

The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK Government's Levelling Up agenda. The fund provides funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition.

The Councils SPF allocation is c£27m and is a mix of revenue and capital funding which aligns to a three year Investment Plan. The capital allocation is c£10m, details of the eight capital schemes are included in Appendix 2 of this report.

### Levelling Up

The UKLUF is a UK wide competitive capital fund which will invest in infrastructure that improves everyday life across the UK.

The Fund is focused on 3 investment themes:

- Transport investments
- Regeneration and town centre investment
- Cultural investment

A brief outline of the schemes being delivered is set out below;

The LUF Vale of Neath Heritage Corridor Attractor Project will deliver transformational investment in visitor infrastructure at Gnoll Estate Country Park and Waterfall Country Pontneddfechan. The projects include investment in visitor infrastructure (such as car parking, EV charging, public toilets etc.), new visitor accommodation, public realm improvements and the safeguarding and interpretation of heritage assets.

### **Impact of future developments and schemes**

The capital programme as outlined in this report reflects known planned expenditure and financing. It is clear however that there are significant potential developments which are currently under consideration which may have a significant effect on the Council's capital programme and capital expenditure during the period covered by this report. There will be a requirement in future years to make specific financial provision in the Council's Revenue Budget and Capital Programme to fund such investments.

The capital programme is updated and approved as part of the quarterly budget monitoring process and any additional commitment approved by Council will be incorporated as approved.

### **Summary**

The Council places great emphasis on the importance of capital investment as a means of regenerating our Communities and providing modern and safe buildings and infrastructure. Capital investment does not only lead to improved facilities and services but creates jobs and economic benefits for the citizens of Neath Port Talbot.

Members will note that the Council is investing £53.680m in 2023/24 and when additional external funding from 21<sup>st</sup> Century Schools, City Deal and other sources are included it is projected that the total capital investment for 2023/24 is £119.053m.

The total capital budget over the next three years will be over £190.517m. Details of the individual projects being delivered can be found in Appendix 2 of this report.

### **Financial Impact**

All financial impacts are detailed within the body of the report. Additional revenue and capital funding provision will need to be built into future years' budgets once project confirmation and external grant funding are confirmed.

### **Integrated Impact Assessment**

This report does not require its own Integrated Impact Assessment (IIA). However, as individual projects are being developed, the requirement for individual IIA's will be considered and completed as necessary. The Council will ensure that all capital investment is in line with legislation and best practice and aim to improve sustainability on our infrastructure.

### **Workforce Impacts**

The capital funding meets the cost of a number of posts across the Council.

### **Legal Impacts**

There are no legal impacts arising from this report.

### **Risk Management**

Many of the works included in the capital programme alleviate/mitigate risks faced by the Council. The capital programme is seen as an important part of the Council's risk management processes. There are significant risks which may require a future revision of the capital programme. In particular due to:-

- Urgent capital maintenance requirements
- Additional costs arising from any additions to the capital programme
- Capital financing charges arising from additional unsupported borrowing which cannot be met from existing revenue budgets



- A reduction in the availability of external grants to supplement the Council's own funding of the capital programme
- Capacity to deliver the Capital Programme Projects

### **Consultation**

There is no requirement under the Constitution for external consultation on this item.

### **Recommendations**

It is recommended that Members commend to Council the approval of:

- The Capital Strategy.
- The Capital Programme for 2023/24 to 2025/26 as detailed in Appendix 2 to this report.
- The delegation arrangements as set out in this report

### **Reasons for proposed decision**

To approve the Authority's Capital Programme in line with the Constitution.

### **Implementation of decision**

The decision is proposed for implementation after consideration and approval by Council.

### **Appendices**

Appendix 1 - Capital Strategy

Appendix 2 - Capital Programme 2023/24 to 2025/26.

List of background papers

Local Government Settlement 2023/24

## **Officer Contact**

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## Capital Strategy

### Purpose of the Capital Strategy

The Capital Strategy is intended to provide a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; an overview of how the associated risk is managed and the implications for future financial sustainability.

### Capital Programme Planning Process

The Capital Programme is a key component in assisting the Council to deliver its three well-being objectives:

- To improve the well-being of children and young people.
- To improve the well-being of all adults who live in the county borough
- To develop the local economy and environment so that the well-being of people can be improved

In order to assist in delivering these objectives the Programme prioritises a number of key areas:

- Maintenance of existing capital assets. This work is prioritised using the various Asset and Risk Management Plans in place
- Regeneration of the County Borough. Great emphasis is placed on this area and the subsequent benefits investment brings in relation to the economy and jobs. The Capital Programme allocation is used as a means of leveraging in external funding in the form of grants and private sector investment to ensure maximum benefits to the citizens of the County Borough
- Disabled Facilities Grants. These are seen as a key driver in ensuring that people can remain living in their own homes for as long as possible.
- Transformation Initiatives. Transformation of services such as the 21<sup>st</sup> Century Schools Programme are delivered via prioritised capital investment.

The Council does not enter into or incur capital expenditure funded by borrowing for purely commercial reasons i.e. with the sole intention of making a profit.

### Governance Arrangements

Delivery of the Capital Programme is overseen by the Council's Capital Programme Steering Group (CPSG) under the chair of the Chief Finance Officer. The group consists of a number of Heads of Service and other Council officers and meets regularly to consider progress along with any emerging pressures.

An updated version of the Capital Programme is formally approved by Cabinet and Council on a quarterly basis as part of the Council's budget monitoring and scrutiny arrangements.

### Future Financial Sustainability

The revenue implications of Capital Spending plans are incorporated into the Council's Forward Financial Planning process. The cost of borrowing (principal and interest) to finance spending plans are calculated using prudent assumptions around interest rates to ensure they are affordable. Any revenue implications for Service's as a result of capital investment decisions are built into the Medium Term Financial Planning process as budget 'pressures'.

## Capital Programme 2023/24 to 2025/26

	Original 2022/23			Revised 2022/23			Original 2023/24			Original 2024/25			Original 2025/26		
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by	
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000
<b>Service</b>															
Education, Leisure and Lifelong Learning	25,869	18,239	7,630	13,690	7,257	6,433	32,002	16,470	15,532	2,860	1,860	1,000	1,500	1,500	0
Environment	37,357	21,022	16,335	29,063	19,486	9,577	77,174	27,614	49,560	42,746	10,471	32,275	14,384	7,862	6,522
Social Services, Health and Housing	5,081	4,800	281	4,695	4,248	446	5,983	5,701	281	3,431	3,150	281	3,150	3,150	0
Other Services	1,195	1,195	0	377	327	50	1,874	1,874	0	1,340	1,340	0	1,340	1,340	0
Contingency	913	913	0	536	536	0	1,021	1,021	0	1,212	1,212	0	1,000	1,000	0
<b>Total</b>	<b>70,415</b>	<b>46,169</b>	<b>24,246</b>	<b>48,360</b>	<b>31,853</b>	<b>16,506</b>	<b>118,053</b>	<b>52,680</b>	<b>65,373</b>	<b>51,589</b>	<b>18,033</b>	<b>33,556</b>	<b>21,374</b>	<b>14,852</b>	<b>6,522</b>
<b>Funded by</b>	0			0			0			0			0		
WG - General Capital Funding	20,178	20,178		11,555	11,555		25,209	25,209		10,300	10,300		0	0	
WG - Additional £5.010m General Funding	0	0		0	0		0	0		0	0		10,300	10,300	
Capital Receipts	401	401		101	101		0	0		0	0		0	0	
Prudential Borrowing	22,502	22,502		16,495	16,495		22,536	22,536		6,263	6,263		3,840	3,840	
Specific Reserves / Revenue	3,088	3,088		3,701	3,701		4,934	4,934		1,470	1,470		712	712	
External Grants/Contributions	24,246		24,246	16,507		16,507	65,373		65,373	33,556		33,556	6,522		6,522
<b>Total</b>	<b>70,415</b>	<b>46,169</b>	<b>24,246</b>	<b>48,360</b>	<b>31,853</b>	<b>16,507</b>	<b>118,053</b>	<b>52,680</b>	<b>65,373</b>	<b>51,589</b>	<b>18,033</b>	<b>33,556</b>	<b>21,374</b>	<b>14,852</b>	<b>6,522</b>

## Capital Programme 2023/24 to 2025/26

	Original 2022/23			Revised 2022/23			Original 2023/24			Original 2024/25			Original 2025/26		
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by	
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000
<b>Education, Leisure and Lifelong Learning</b>															
Capital Maintenance	1,308	1,308		1,100	0	1,100	1,429	1,429		1,100	1,100		1,100	1,100	
Schools Core IT Infrastructure	0	0		0	0		874	874		250	250		250	250	
Schools ICT - HWB Grant Sustainability	604	604		455	0	455	0	0		0	0		0	0	
Universal Primary Free School Meals	0	0		1,111	1,111		1,555	1,555		0	0		0	0	
Capital Maintenance for Schools (previous year grants)	6,376	6,376		2,057	1,602	455	3,400	3,400		0	0		0	0	
Community Focused Schools Capital Grant	0	0		889	0	889	0	0		0	0		0	0	
Supporting Learners with Additional Needs	0	0		889	0	889	0	0		0	0		0	0	
<b>21st Century Schools - Band B</b>															
Cefn Saeson Comprehensive	1,017	1,017		1,253	1,253		0	0		0	0		0	0	
Abbey Primary	674	674		948	948		50	50		0	0		0	0	
Ysgol Gymraeg Ystalyfera Bro Dur (North Campus) Final Phase	716	716		1,993	1,993		0	0		0	0		0	0	
Ysgol Newydd Swansea Valley	8,731	3,581	5,150	269	0	269	20,998	7,568	13,430	1,360	360	1,000	0	0	
<b>Welsh Medium Provision</b>															
<b>Classrooms and Childcare</b>															
Mynachlog Nedd	0	0		550	0	550	0	0		0	0		0	0	
YGG Trebannws	0	0		460	0	460	0	0		0	0		0	0	
<b>Childcare Offer</b>															
Small Grant Pot - independent providers	0	0		353	12	341	0	0		0	0		0	0	
YGG Blaendulais	998	0	998	71	0	71	917	0	917	0	0		0	0	
Cwmavon	1,000	0	1,000	28	0	28	962	0	962	0	0		0	0	

## Capital Programme 2023/24 to 2025/26

	Original 2022/23			Revised 2022/23			Original 2023/24			Original 2024/25			Original 2025/26		
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by	
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000
Leisure Investment	224	224		43	43		283	283		150	150		150	150	
Margam Park Improvement Works	0	0		102	102		0	0		0	0		0	0	
Margam Park Activity Investment	2,337	2,337		53	53		0	0		0	0		0	0	
Margam Park Stonework Repair	320	320		620	120	500	228	228		0	0		0	0	
Music Support Resources	0	0		209	0	209	0	0		0	0		0	0	
Pontardawe Arts Centre Cinema	1,343	1,083	260	62	0	62	1,306	1,083	223	0	0		0	0	
All Wales Play Opportunity	0	0		21	21		0	0		0	0		0	0	
ELLL Other	222	0	222	156	0	156	0	0		0	0		0	0	
<b>Total</b>	<b>25,869</b>	<b>18,239</b>	<b>7,630</b>	<b>13,690</b>	<b>7,257</b>	<b>6,433</b>	<b>32,002</b>	<b>16,470</b>	<b>15,532</b>	<b>2,860</b>	<b>1,860</b>	<b>1,000</b>	<b>1,500</b>	<b>1,500</b>	<b>0</b>

## Capital Programme 2023/24 to 2025/26

	Original 2022/23			Revised 2022/23			Original 2023/24			Original 2024/25			Original 2025/26		
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by	
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000
<b>Environment</b>															
Highways and Engineering Maintenance	2,136	2,136		2,201	2,186	15	2,128	2,128		1,625	1,625		1,625	1,625	
Environment - Streetscene Works	821	821		509	509		890	890		500	500		500	500	
Additional Highway Improvements - Water Street	535	535		512	512		0	0		0	0		0	0	
Additional Highway Works (various locations)	295	295		222	222		83	83		0	0		0	0	
Additional major engineering works (subject to business cases - Norton Terrace, Bevans Terrace, Tonmawr Gabions)	250	250		64	64		1,186	1,186		0	0		0	0	
Covid Recovery - Catch Up, Clean Up, Green Up Capital Works	750	750		0	0		1,500	1,500		750	750		750	750	
Village Road - Road Safety	0	0		180	180		0	0		0	0		0	0	
Decarbonisation Strategy (DARE)	250	250		0	0		250	236	14	38	38		250	250	
Electric Vehicle Charging Facility	1,065	751	314	500	200	300	1,017	1,017		0	0		0	0	
Covid Recovery	0	0		657	657		380	380		0	0		0	0	
<b>Drainage Grants</b>															
Caenant Terrace & Grandison Brook	0	0		249	0	249	0	0		0	0		0	0	
Small Scale Works Grant	0	0		144	22	122	0	0		0	0		0	0	
Natural Flood Management Scheme - Gnoll, Brynau and Preswylfa site	0	0		30	0	30	0	0		0	0		0	0	
Cryddan Brook & Stanley Place	0	0		99	0	99	0	0		0	0		0	0	
Rock Street Construction	0	0		3,193	479	2,714	0	0		0	0		0	0	
Match funding for grants (including flood prevention)	500	500		0	0		500	500		500	500		500	500	
<b>Additional General Capital Grant</b>															
Public Highways Refurbishment Grant	0	0		753	753		0	0		0	0		0	0	
Other	0	0		95	95		2,662	2,662		0	0		0	0	



## Capital Programme 2023/24 to 2025/26

	Original 2022/23			Revised 2022/23			Original 2023/24			Original 2024/25			Original 2025/26		
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by	
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000
<u>Transport Grants</u>															
Local Transport Fund - Cymmer Carriageway Improvements 2021/22	0	0		50	50		0	0		0	0		0	0	
Local Transport Fund - Neath Integrated Transport Hub 2021/22 & 2022/23	0	0		861	0	861	0	0		0	0		0	0	
Road Safety Grant	0	0		1,001	0	1,001	336	0	336	0	0		0	0	
Active Travel	0	0		716	0	716	0	0		0	0		0	0	
Resilient Roads Fund - Castle Drive Cimla	0	0		484	0	484	200	200		0	0		0	0	
<u>Major Bridge Strengthening</u>															
A474 Vale of Neath Bridge	289	289		11	11		284	284		0	0		0	0	
Cymmer Viaduct Design Work	10	10		3	3		14	14		0	0		0	0	
Coal Tip Safety	0	0		628	0	628	0	0		0	0		0	0	
<u>Flood and Coastal Risk Projects</u>															
Aberafan Promenade	14	14		0	0		14	14		0	0		0	0	
Flood Prevention Initiatives	80	80		0	0		80	80		0	0		0	0	
Neighbourhood Improvements	285	285		513	513		150	150		150	150		150	150	
Pavilions	174	174		75	75		256	256		100	100		100	100	
Disability Access	242	242		94	94		150	150		150	150		150	150	
Health and Safety	850	850		505	505		1,300	1,300		850	850		850	850	
Street Lighting - Salix	100	100		345	345		0	0		0	0		0	0	
Vehicle Replacement Programme	588	588		1,067	1,067		3,579	3,579		1,470	1,470		712	712	

## Capital Programme 2023/24 to 2025/26

	Original 2022/23			Revised 2022/23			Original 2023/24			Original 2024/25			Original 2025/26		
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by	
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000
<u>Crymlyn Burrows Transfer Station</u>															
Crymlyn Burrows Transfer Station Site Improvements	4,460	4,460		4,484	4,484		700	700		55	55		0	0	
Circular Economy Fund - Solar Panel Roof Project	500	0	500	500	0	500	0	0		0	0		0	0	
Circular Economy Fund - Recyclables Baler	355	0	355	355	0	355	0	0		0	0		0	0	
Circular Economy Fund - Bag Opener and Plastic Film Separator	440	0	440	440	0	440	0	0		0	0		0	0	
Waste Fleet Relocation Works	0	0		0	0		3,400	2,200	1,200	0	0		0	0	
<u>Other</u>															
Southern Access Road & Ffordd Amazon Stage 2	0	0		57	57		0	0		0	0		0	0	
Milland Road Footbridge	100	100		0	0		100	100		0	0		0	0	
Ultra Low Emission Vehicle Transformation Fund	0	0		31	0	31	0	0		0	0		0	0	
Physical Regeneration	0	0		0	0		73	73		0	0		0	0	
Caru Cymru	15	0	15	15	0	15	0	0		0	0		0	0	
Cwmgors Roof	0	0		112	112		0	0		0	0		0	0	
Members Community Fund	0	0		5	5		0	0		0	0		0	0	
Employment and Business Start Up Space	485	485		20	20		464	464		0	0		0	0	
Community Self Build Housing	150	150		0	0		150	150		0	0		0	0	
Neath Strategic Hub	250	250		0	0		250	250		0	0		0	0	
Valleys Task Force	74	0	74	132	0	132	0	0		0	0		0	0	
Margam Country Park EV Charging and Public Facilities	0	0		250	0	250	153	153		0	0		0	0	
Destination Management Plan - Gnoll Country Park	20	20		20	20		0	0		0	0		0	0	
Aquasplash Upgrade (Phases 2 & 3)	120	120		50	50		35	35		0	0		0	0	
Maintenance - Structures and Council Owned Tips	128	128		3	3		118	118		0	0		0	0	

## Capital Programme 2023/24 to 2025/26

	Original 2022/23			Revised 2022/23			Original 2023/24			Original 2024/25			Original 2025/26		
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by	
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000
<u>Regeneration</u>															
Match Funding & Feasibility for WG & UK Government															
Funding Streams	1,580	1,580		114	114		3,325	3,325		2,125	2,125		2,125	2,125	
Neath Town Centre Redevelopment	1,683	1,683		4,168	4,168		0	0		0	0		0	0	
Harbourside Strategic Employment Sites	350	350		50	50		435	435		0	0		0	0	
Former Crown Foods Site Re-development - Phases 2 & 3	1,460	1,460		730	730		316	316		1,100	1,100		0	0	
Former Plaza Re-development	100	100		447	447		0	0		0	0		0	0	
Former Port Talbot Magistrates Court Refurbishment	0	0		0	0		99	99		0	0		0	0	
8 Wind Street Neath - Conversion to offices	0	0		40	40		0	0		0	0		0	0	
6 Station Road, Port Talbot	167	167		0	0		167	167		0	0		0	0	
Neath Transport Hub	695	695	0	10	10		2,192	680	1,512	0	0		0	0	
Commercial Property Grant	215	215		86	86		296	296		75	75		75	75	
Property Enhancement Grant	0	0		84	0	84	0	0		0	0		0	0	
Place Making Grant	173	0	173	95	0	95	810	0	810	810	0	810	0	0	
<u>City Deal</u>															
Technology Centre	0	0		383	383		0	0		0	0		0	0	
SWITCH	6,450	0	6,450	50	0	50	14,150	0	14,150	3,650	0	3,650	2,135	0	2,135
Hydrogen Stimulus	1,500	0	1,500	0	0		926	0	926	1,009	0	1,009	66	0	66
Air Quality Monitoring	415	0	415	120	0	120	190	0	190	105	0	105	0	0	
Low Emission Vehicles (LEV)	500	0	500	25	0	25	475	0	475	0	0		0	0	
Advanced Manufacturing Production Facility	749	0	749	49	0	49	10,550	0	10,550	6,400	0	6,400	200	0	200
Property Development Fund	2,385	0	2,385	0	0		1,500	0	1,500	2,000	0	2,000	1,000	0	1,000
Homes as Power Stations	2,465	0	2,465	168	0	168	5,467	0	5,467	3,121	0	3,121	3,121	0	3,121
<u>Levelling Up</u>															
Pontneddfechan	0	0		5	1	5	4,185	419	3,767	3,492	349	3,143	0	0	
Gnoll Park	0	0		5	1	5	6,453	645	5,808	5,588	559	5,029	0	0	
<u>Shared Prosperity Fund</u>															
Valley Industrial Units	0	0		0	0		250	0	250	3,250	0	3,250	0	0	
Aberavon Seafront Masterplan	0	0		0	0		50	0	50	0	0		0	0	
NPT Heritage, Culture & Tourism Fund	0	0		0	0		250	0	250	848	0	848	0	0	
Valleys & Villages Prosperity Fund	0	0		0	0		300	0	300	1,375	0	1,375	0	0	
Sustainable Communities Growth Fund	0	0		0	0		350	0	350	168	0	168	0	0	
Third Sector Growth Fund	0	0		0	0		231	0	231	231	0	231	0	0	
SPF Supporting Local Business	0	0		0	0		800	0	800	600	0	600	0	0	
SPF Open Call (RD&I)	0	0		0	0		535	0	535	535	0	535	0	0	
Other Regeneration Projects	140	140		200	165	34	470	380	90	75	75		75	75	
<b>Total</b>	<b>37,357</b>	<b>21,022</b>	<b>16,335</b>	<b>29,063</b>	<b>19,486</b>	<b>9,577</b>	<b>77,174</b>	<b>27,614</b>	<b>49,560</b>	<b>42,746</b>	<b>10,471</b>	<b>32,275</b>	<b>14,384</b>	<b>7,862</b>	<b>6,522</b>

## Capital Programme 2023/24 to 2025/26

	Original 2022/23			Revised 2022/23			Original 2023/24			Original 2024/25			Original 2025/26		
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by	
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000
<b>Social Services, Health and Housing</b>															
Capital Maintenance	300	300		118	118		350	350		150	150		150	150	
Disabled Facilities Grants	4,400	4,400		3,300	3,145	155	4,085	4,085		3,000	3,000		3,000	3,000	
Hillside Secure Unit	100	100		799	799		0	0		0	0		0	0	
Enable - Support For Independent Living	281	0	281	281	0	281	281	0	281	281	0	281	0	0	
Supported Living New Build	0	0		0	0		1,266	1,266		0	0		0	0	
Social Services - Other Schemes	0			115	105	10	0	0		0	0		0	0	
Warm Home - Boiler Scheme	0			81	81		0	0		0	0		0	0	
<b>Total</b>	<b>5,081</b>	<b>4,800</b>	<b>281</b>	<b>4,695</b>	<b>4,248</b>	<b>446</b>	<b>5,983</b>	<b>5,701</b>	<b>281</b>	<b>3,431</b>	<b>3,150</b>	<b>281</b>	<b>3,150</b>	<b>3,150</b>	<b>0</b>
<b>Other Services</b>															
Schools IT Replacement	300	300		50	50		750	750		750	750		750	750	
Vehicle Replacement	340	340		0	0		340	340		340	340		340	340	
Civic Accommodation Modernisation	250	250		0	0		250	250		0	0		0	0	
Food Poverty Grant	0	0		50	0	50	0	0		0	0		0	0	
CCTV Replacement	31	31		223	223		0	0		0	0		0	0	
Income Generation Proposals	274	274		0	0		534	534		250	250		250	250	
Council Chamber Ceiling Works	0	0		54	54		0	0		0	0		0	0	
<b>Total</b>	<b>1,195</b>	<b>1,195</b>	<b>0</b>	<b>377</b>	<b>327</b>	<b>50</b>	<b>1,874</b>	<b>1,874</b>	<b>0</b>	<b>1,340</b>	<b>1,340</b>	<b>0</b>	<b>1,340</b>	<b>1,340</b>	<b>0</b>
Contingency	913	913		536	536		1,021	1,021		1,212	1,212		1,000	1,000	
<b>Grand Total</b>	<b>70,415</b>	<b>46,169</b>	<b>24,246</b>	<b>48,360</b>	<b>31,853</b>	<b>16,506</b>	<b>118,053</b>	<b>52,680</b>	<b>65,373</b>	<b>51,589</b>	<b>18,033</b>	<b>33,556</b>	<b>21,374</b>	<b>14,852</b>	<b>6,522</b>



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## **NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

### **CABINET**

#### **Report of the Chief Finance Officer**

**1<sup>st</sup> March 2023**

### **SECTION A – MATTERS FOR DECISION**

#### **WARDS AFFECTED: ALL**

#### **TREASURY MANAGEMENT STRATEGY, ANNUAL INVESTMENT STRATEGY, AND MINIMUM REVENUE PROVISION POLICY**

##### **Purpose of Report**

1. This report sets out the Council’s Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy for 2023/24.
2. Treasury Management is defined as:  
“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

##### **Introduction**

3. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties providing adequate liquidity initially before considering investment return.

4. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses.

### **Reporting Requirements**

5. The Council is required to receive and approve, as a minimum, three main reports each year, which incorporates a variety of policies, estimates and actuals; details of which are outlined below.
6. Prudential and Treasury Indicators and Treasury Strategy (this report)

The first and most important report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organized) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

7. A Mid-year Treasury Management Report (prepared after 1<sup>st</sup> October)

This will update Members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

8. An Annual Treasury Report

This provides details of the actual performance for the previous financial year and provides a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy. This report must be considered by Members by 30<sup>th</sup> September of the following financial year.

## Scrutiny Arrangements

9. The above reports are required to be scrutinised before being recommended to Council. These arrangements are detailed in the scheme of delegation as set out in Appendix 1 of this report.

## **Treasury Management Strategy for 2023/24**

10. The strategy for 2023/24 covers two main areas

### **Capital issues**

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

### **Treasury management issues**

- the current treasury position;
  - treasury indicators which limit the treasury risk and activities of the Council;
  - prospects for interest rates;
  - the borrowing strategy;
  - policy on borrowing in advance of need;
  - debt rescheduling;
  - the investment strategy;
  - creditworthiness policy; and
  - the policy on use of external service providers.
11. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Welsh Government MRP Guidance, the CIPFA Treasury Management Code and Welsh Government Investment Guidance

## **Capital Prudential Indicators**

12. Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans. The table below summarises these plans and how they are being financed:

	2021/22 Actual £'000	2022/23 Revised £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Capital expenditure	70,624	48,360	118,053	51,589	21,374
<u>Resourced by:</u>					
Capital receipts	2,693	101	0	0	0
Grants & contributions	48,105	28,063	90,583	43,856	16,822
Reserves & DRF *	2,810	3,701	4,934	1,470	712
Borrowing	17,016	16,495	22,536	6,263	3,840

NB \* DRF means Direct Revenue Financing

### 13. The Capital Financing Requirement (CFR)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so it's underlying borrowing need.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness. The table below shows the projected CFR movements:

<b>CFR</b>	2021/22 Actual £'000	2022/23 Revised £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Opening Balance	343,055	349,573	355,547	366,542	360,021
Add:					
Expenditure to be funded by borrowing	17,016	16,495	22,536	6,263	3,840
Less: Minimum Revenue Prov. (MRP)	(10,498)	(10,521)	(11,541)	(12,784)	(13,082)
Est. Closing Balance	349,573	355,547	366,542	360,021	350,779



## **Treasury Management Prudential Indicators**

14. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity and the Council's capital strategy.
15. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
16. The Council's treasury portfolio position at 31<sup>st</sup> March 2022 comprised:

<b>Table 1</b>	<b>Principal</b>	
<b><u>Borrowing</u></b>	<b>£m</b>	<b>£m</b>
Fixed rate funding	PWLB 241,597	
	Market 62,500	
	Other <u>6,420</u>	
	310,517	
Variable rate funding	<u>0</u>	
	310,517	
Other long term liabilities		0
<b><u>Gross Debt</u></b>		<b><u>310,517</u></b>
<b><u>Total investments</u></b>		<b>73,300</b>

17. Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the Capital Financing Requirement.
18. The Council has complied with this prudential indicator in the current year and there is no indication that it will not do so in future as detailed below:

	2021/22 Actual £'000	2022/23 Revised £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Actual gross debt at 31 <sup>st</sup> March	310,517	283,672	283,028	276,116	275,116
Capital Financing Requirement (CFR)	349,573	355,547	366,542	360,021	350,779
Under / (over) borrowed	39,056	71,875	83,514	83,905	75,663

### Treasury Indicators: Limits relating to borrowing

#### 19. The Operational Boundary

This is the limit beyond which external debt is not normally expected to exceed.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Operational Boundary	385,547	396,542	390,021	380,779

#### 20. The Authorised Limit

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Authorised Limit	405,547	416,542	410,021	400,779

21. Upper limits on fixed and variable interest rate exposure

This identifies a maximum limit for fixed and variable interest rates based upon the total debt position

	<b>2022/23 to 2025/26 £'000</b>
Upper Limit on Fixed Interest Rate Exposure	416,542
Lower Limit on Fixed Interest Rate Exposure	
Upper Limit on Variable Interest Rate Exposure	208,271
Lower Limit on Variable Interest rate Exposure	0

22. Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits

Maturity Structure of Fixed Rate Borrowing	2022/23 Estimate %	Upper Limit %	Lower Limit %
Under 12 months	3	15	0
12 months to 2 years	2	15	0
2 to 5 years	1	40	0
5 to 10 years	8	60	0
10 years +	86	100	15

**Prospects for Interest Rates**

23. The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link’s projected view.

	Mar23	Jun23	Sep23	Dec23	Mar24	Jun24	Sep24
Bank Rate	4.25	4.50	4.50	4.50	4.00	3.75	3.50
5 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60
10 yr PWLB	4.40	4.40	4.30	4.10	4.00	3.90	3.80
25 yr PWLB	4.60	4.60	4.50	4.40	4.20	4.10	4.00
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.70

**Borrowing Strategy**

24. The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However this strategy can only be used as a short term measure therefore consideration will be given to entering into external borrowing during 2023/24.

25. The following types of loan arrangement will be considered (in no particular order):

- Temporary borrowing from the money markets or other local authorities.
- Short dated borrowing from the market or PWLB.
- Long term fixed rate market or PWLB loans.

Changes to PWLB lending rules during 2020/21 now mean that Local Authorities can no longer borrow at preferential rates if they intend to borrow (from any source) to fund investment specifically for the purpose of generating a profit. This Council will not be borrowing for this purpose.

26. The general aim of this treasury management strategy is to ensure the affordability of capital investment within the ongoing revenue budget, to ensure that the credit risk is managed effectively when comparing borrowing costs and investment holdings and returns.

27. The Council will continue to examine the potential for undertaking early repayment of some external debt to the PWLB in order to

reduce the difference between its gross and net debt positions.

28. Members should note that to date during 2022/23 the Council has not taken out any new loans.
29. It should also be noted that during the year the Council repaid £5.15m of principal repayments to the PWLB.

### **Policy on Borrowing in Advance of Need**

30. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

### **Debt Rescheduling**

31. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
32. The reasons for any rescheduling to take place will include:
  - the generation of cash savings and / or discounted cash flow savings,
  - helping to fulfil this Treasury Management Strategy, and
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
33. Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
34. No rescheduling is anticipated in 2023/24. If rescheduling does take place it will be reported to the Cabinet Board, at the earliest meeting following its action.

## **Annual Investment Strategy**

35. The Council's investment policy has regard to the Welsh Government's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be security first, portfolio liquidity second, then return.
36. In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using Link's ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.
37. Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.
38. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
39. The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.
40. The intention of the strategy is to provide security of investment and minimisation of risk.
41. Investment instruments identified for use in the financial year are listed in Appendix 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices Schedules.

## **Creditworthiness Policy**

42. The Council receives creditworthiness information from Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:
- credit watches and credit outlooks from credit rating agencies
  - Credit Default Swop (CDS) spreads to give early warning of likely changes in credit ratings
  - sovereign ratings to select counterparties from only the most creditworthy countries
43. All credit ratings are monitored on a daily basis. The Council is alerted to changes to ratings of money market organisations as announced by all three agencies through its use of the Link's creditworthiness service.
- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
44. Council Officers are able to use this creditworthiness information to help support their decision making processes along with other market information and data available.
45. The approved investment criteria are detailed in Appendix 2 of this report and have not changed from those previously approved by Members.

## **Country Limits**

46. The Council will only invest in Banks in countries where the sovereignty rating is AA+ or higher, with the exception of the UK which currently has an AA- rating. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 2. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

## **Investment Strategy**

47. **In-house funds:** The Council currently manages its surplus funds in-house. The core balance, available for strategic investment is estimated to be in the region of £40m. The remaining cash balances are mainly cash flow derived and available for short term investment only.

48. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (up to 12 months). The Council policy will allow investments up to a maximum of £25m for periods of more than 1 year and up to 5 years, and this will be considered when decisions on investing surplus funds are made.

### **Investment return projections.**

49. The recent increase in the Bank of England Base Rate has led to an improvement in the investment return projections. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

- 2022/23            4.00%
- 2023/24            4.40%
- 2024/25            3.30%
- 2025/26            2.60%
- 2026/27            2.50
- Later years        2.80%

### **Investments greater than 365 days**

50. The Council is required to set a limit on the total value of investments with a duration greater than 365 days. This limit is set with regard to the Council's liquidity requirements. The proposed limit is set out at £25m.

51. Members should note that the updated Treasury Management Code of Practice now requires Local Authorities to report on investments over 365 days as opposed to the previous practice of over 364 days.

### **End of Year Investment Report**

52. Members will receive a report on the actual 2022/23 investment activity as part of the Annual Treasury Report by 30<sup>th</sup> September 2023.

### **Policy on the Use of External Service Providers**

53. The Council uses Link Asset Services as its external treasury management advisers. The Council's contract is with them was renewed 1<sup>st</sup> July 2022 and ends 30<sup>th</sup> June 2025.



54. The Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
55. However it is recognised that responsibility for treasury management decisions remains with the Council.

### **Role of the Section 151 Officer**

56. The Chief Finance Officer is the designated Section 151 Officer for the Council. The specific responsibilities of the S151 Officer are set out below:
- to recommend treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
  - submitting regular treasury management policy reports
  - submitting budgets and budget variations
  - receiving and reviewing management information reports
  - reviewing the performance of the treasury management function
  - ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
  - ensuring the adequacy of internal audit, and liaising with external audit
  - recommend the appointment of external service providers.

### **Minimum Revenue Provision**

#### **Introduction**

57. Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred therefore such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual Minimum Revenue Provision.

58. The council is required to approve its MRP policy for the forthcoming financial year ensuring that “prudent provision” is made.

### **Minimum Revenue Provision Policy Statement 2023/24**

The Council’s MRP policy for 2023/24 is detailed below:

#### **MRP Policy – Supported Borrowing**

59. The Council is required to make arrangements for the repayment of debt which it considers to be a ‘prudent provision for the repayment of debt’. In relation to capital expenditure funded by supported borrowing the MRP policy will be to write down the debt over a 50 year period on a straight line basis, this is broadly consistent with the lives of assets funded and maintained by supported borrowing.

#### **MRP Policy – Prudential Borrowing**

60. Expenditure will be subject to MRP on the basis of asset life and using the equal annual instalment or annuity methods as appropriate.
61. Estimated life periods will be determined by the Chief Finance Officer under delegated powers. To the extent that expenditure is not on the creation of an asset e.g. computer software and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
62. Where some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure, as determined by the Chief Finance Officer.
63. Where the Council provides capital funding to a third party the MRP charge will be calculated as if the Council incurred the capital expenditure itself i.e. over the expected life of the asset.
64. The Council will apply the Minimum Revenue Provision to the accounts in the financial year following which the asset becomes operational.

**Affordability Prudential Indicators**

65. The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework a prudential indicator is required to assess the affordability of the capital investment plans. This indicator shows the impact of the capital investment plans on the Council’s overall finances.

**Ratio of financing costs to net revenue stream**

	2021/22 Actual	2022/23 Revised Estimate	2023/24 Original Estimate	2024/25 Original Estimate
Financing Cost / Net Revenue	6.46%	6.07%	5.82%	5.96%

**Financial Impact**

66. All financial impacts are detailed within the body of the report.

**Integrated Impact Assessment**

67. There is no requirement for an integrated impact assessment for this report.

**Workforce impacts**

68. There are no workforce impacts resulting from this report.

**Legal impacts**

69. The report deals with the Council’s legal requirements as set out in Local Government Act 2003.

**Risk management**

70. Compliance with the strategies outlined in this report should be sufficient in terms of managing risks in this area.

## **Recommendation**

71. It is recommended that Cabinet commend to Council the approval of the following Strategies and Policies as set out in this report:

- Treasury Management Strategy
- Annual Investment Strategy
- Minimum Revenue Provision Policy
- Prudential Indicators

## **Reasons for proposed decision**

72. To approve the Authority's Treasury Management Strategy, Annual Investment Strategy, Capital Strategy and MRP Policy as required by the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities (2017).

## **Implementation of decision**

73. The decision is proposed for implementation immediately after consultation with the Cabinet Scrutiny Committee and determination by Council.

## **Appendices**

Appendix 1 – Scheme of Delegation  
Appendix 2 - Investment Criteria

## **List of Background Papers**

CIPFA – Treasury Management in the Public Sector Code of Practice  
CIPFA – Prudential Code for Capital Finance in Local Authorities (2017)  
Treasury Management Working Papers

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## Scheme of Delegation

<b>Area of Responsibility</b>	<b>Council/ Committee</b>	<b>Frequency</b>
Treasury Management Strategy / Annual Investment Strategy / MRP policy	Cabinet for approval by Full Council	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – mid-year report	Cabinet	Mid-year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – updates or revisions at other times	Cabinet for approval by Full Council	Periodically
Annual Treasury Outturn Report	Cabinet	Annually by 30 <sup>th</sup> September after the end of the year
Treasury Management Monitoring and Performance Reports	Cabinet and Cabinet Scrutiny Committee and Audit Committee	Quarterly
Treasury Management Practices	Cabinet for approval by Full Council	Amendments to be reported annually
Scrutiny of Treasury Management Strategy	Cabinet and Cabinet Scrutiny Committee and Audit Committee	Annually

## Specified Investments

	Minimum 'High' Credit Criteria	Funds Managed	Max Amount	Max Duration
<b>Term deposits</b>				
Term deposits - Debt Management Office	N/A	In-house	Unlimited	1 year
Term deposits – local, police and fire authorities	N/A	In-house	£10m	1 year
Term deposits – Nationalised & Part Nationalised UK banks/Building Societies	Fitch short-term rating F1+, F1	In-house	£20m	1 year
Term deposits – UK banks/Building Societies	Fitch short-term rating F1+	In-house	£20m	1 year
Term deposits – UK banks/Building Societies	Fitch short-term rating F1	In-house	£15m	6 months or 185 days
<b>Callable deposits</b>				
Callable deposits – Debt Management Agency deposit facility	N/A	In-house	Unlimited	
Callable deposits – Nationalised & Part Nationalised UK banks/Building Societies	Fitch short-term rating F1+, F1	In-house	£20m	
Callable deposits – Nationalised & Part Nationalised UK banks/Building Societies	Fitch short-term rating F2	In-house	£10m	
Callable deposits - UK banks/Building Societies	Fitch short-term rating F1+ or F1	In-house	£15m *	
Term deposits – non UK banks	Fitch short-term rating F1+	In-house	£5m	6 months or 185 days

\* Where necessary this limit may be temporarily exceeded with the Authority's bankers only.

Other specified investments are as follows:

1. The UK Government – in addition to the Debt Management Account facility, there are UK Treasury Bills or Gilts with less than 1 year to maturity.
2. Supranational Bonds of less than 1 year duration – there are two categories:
  - (a) multilateral development bank bonds such as European Investment Bank Bonds
  - (b) a financial institution that is guaranteed by the UK Government such as The Guaranteed Export Finance Company.
3. Pooled Investment Vehicles (such as Money Market funds) that have been awarded a high credit rating agency.

Specified investments are considered low risk assets where the possibility of loss of principal or investment income is small.

The Council has not utilised these types of investments in the past but is currently investigating the merits for doing so.

## Non-Specified Investments:

A maximum of £25m will be held in aggregate in non-specified investments. All non-specified investments will be sterling denominated, as reflected below:

### Maturities in excess of 1 year

	<b>Minimum Credit Criteria</b>	<b>Funds Managed</b>	<b>Max. Investment</b>	<b>Max. Maturity Period</b>
<b>Fixed term deposits with fixed rate and fixed maturity</b>				
Debt Management Agency Deposit Facility	N/A	In-house	Unlimited	5 years
Term deposits – local authorities	NA	In-house	£10m	5 years
Term deposits – UK banks/Building Societies	Fitch long-term rating A	In-house	£10m	5 years
Term deposits – Non UK banks	Fitch long-term rating A	In-house	£3m	5 years
Term deposits – building societies	Fitch long-term rating A	In-house	£3m	5 years
<b>Fixed term deposits with variable rate and variable maturities</b>				
Callable deposits	Fitch long-term rating A	In-house	Criteria as above	



## **Approved Countries for Investments**

At present the Council has the ability to invest in the countries as set out below; the Council will take account of all information if making investments in Non-UK banks.

The Council will only invest in Banks where the sovereignty is AA+ or higher, with the exception of the UK which has a AA Sovereign Rating. Should the UK sovereignty rating reduce further the Council will immediately review its investments but will continue to invest in UK institutions in line with the agreed strategy and a report will be forwarded to Members for consideration.

Based on latest available rating:

### AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland
- USA

### AA+

- Canada
- Finland

### AA

- France
- United Arab Emirates

### AA-

- UK

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