



CABINET

IMMEDIATELY FOLLOWING POLICY AND RESOURCES/CABINET SCRUTINY COMMITTEE ON TUESDAY, 20 FEBRUARY 2018

COUNCIL CHAMBER - PORT TALBOT CIVIC CENTRE

Part 1

1. To receive any declarations of interest from Members
2. To receive the Report of the Corporate Directors' Group re the Revenue Budget Proposals for 2018/19 (*Pages 3 - 72*)
3. To receive the Report of the Head of Financial Services re Capital Programme 2018/19 to 2020/21 (*Pages 73 - 88*)
4. To receive the Report of the Director of Finance and Corporate Services re Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy (*Pages 89 - 112*)
5. Any urgent items (whether public or exempt) at the discretion of the Chairman pursuant to Statutory Instrument 2001 No.2290 (as amended)

S.Phillips
Chief Executive

Civic Centre
Port Talbot

Wednesday, 14 February 2018

Cabinet Members:

Cllrs. R.G.Jones, A.J.Taylor, C.Clement-Williams, D.W.Davies,
D.Jones, E.V.Latham, A.R.Lockyer, P.A.Rees, P.D.Richards and
A.Wingrave

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

20 FEBRUARY 2018

REPORT OF THE CORPORATE DIRECTORS GROUP

SECTION A – MATTERS FOR DECISION

WARDS AFFECTED: ALL

BUDGET 2018/19

1 Purpose of Report

1.1 The purpose of the report is to:

- Provide Cabinet with details of financial issues affecting the Budget and Forward Financial Plan.
- Review and confirm the latest position for 2017/18.
- Consider the Settlement Announcement made by Welsh Government in relation to Local Government funding and the prevailing financial environment.
- Consider Neath Port Talbot County Borough Council's 2018/19 Revenue budget including service pressures, savings solutions and equality impact assessments.
- Agree the principles in relation to fees and charges for Council services.

2 Background

2.1 When the budget for 2017/18 was approved in February 2017, the medium term budget forecast, assumed a 2.5% reduction in funding from the Welsh Government for 2018/19, and a further 2% reduction in 2019/20.

2.2 On the 8th November 2017 Cabinet approved to consult stakeholders on draft savings required to set a Budget for 2018/19. The projected budget gap at that time was £10.24m for

2018/19 and £55m over the next 4 years. The draft savings set out in that report covering the next 2 financial years amounted to £11.2m.

- 2.3 In setting the Budget, Members have to consider the requirement of delivering its statutory services, as well as those other services that the public and users have come to expect. The challenge has been to set a budget at activity levels that are sustainable and equitable. Members also have to consider the demand for services and changes to these services in light of the impact on:
- Service users
 - Employees
 - Legislation including the Equality Act 2010 and Wellbeing of Future Generations (Wales) Act 2015 considerations
 - Income generation
 - Council tax level

3 Executive summary

- 3.1 This report firstly identifies that based on the quarter 3 budget monitoring figures, it is anticipated that the Council will underspend the 2017/18 cash limit of £274.677m, by £761k. As in previous years some of the ER/VR reserve will be utilised to fund the cost of the Council's early retirement/voluntary redundancy scheme with the balance retained for use in subsequent years.
- 3.2 Neath Port Talbot Council's gross budget and investment in services for 2018/19 totals £424m. The Council is projecting to receive specific grants of £96m and income from service users totalling some £45m and utilising reserves of £1m. This results in a net budget for 2018/19 of £282.855m.
- 3.3 As a result of the final settlement on the 20th December, and feedback from consultation the Council is able to make provision for the additional costs of the proposed pay award for lower graded staff and other pressures identified during the budget process. Members will note that in setting its net budget at £282.855m directorate savings totalling £6.790m together with a Council Tax increase of 3.7% are required to ensure that the Council sets a balanced budget for the 2018/19 financial year. General Reserves are projected for 31st March 2019 at £20.7m and Specific Reserves at £29.2m.

- 3.4 Welsh Government has published 2 year budget plans which indicate that core funding for local government will further reduce by 1% in 2019/20. Further work will be required to update the Forward Financial Plan to 2022/23 and to identify additional income/savings in order to balance the annual budgets for that period. It is projected that savings of some £58m will be needed for the 4 years to March 2023.

4 Latest Budget Position 2017/18

- 4.1 The Revised Budget position for 2017/18 has been updated to reflect the latest projected income & expenditure in the current year.
- 4.2 Variations to net expenditure levels are considered as part of the regular budget monitoring reports to Cabinet, and are included in this latest position. The most recent budget monitoring report shows a projected net underspend of some £761k on the Net Budget of £274.677m. The final actual position will be reported to Members before the end of June 2018.
- 4.3 Full details of all pressures and savings have been considered by Cabinet and scrutinised throughout the year.
- 4.4 The Revised Budget is included in the budget summary shown at Appendix 1.

5 Welsh Government Budget

- 5.1. The Final Welsh Government Budget was announced on 19th December showing total Departmental Expenditure Limits of £13.764bn revenue and £1.607bn for capital i.e. totalling £15.371bn.

6 Welsh Government Settlement Announcement

- 6.1 The provisional settlement, announced on 10th October, showed Welsh Government funding at £4.186bn which represented an average reduction of -0.5%, and was inclusive of £6m new funding for Homelessness responsibilities. Funding for Neath Port

Talbot County Borough Council was £210.832m, a reduction of - 0.4%.

6.2 The Final Local Government Settlement was published on 20th December and confirmed Welsh Government funding for 2018/19 of £4.214bn. This includes an additional £20m when compared with the Provisional Settlement together with £7m to compensate for reduced income arising from the change to residential care user capital limits. The consequence of this and other data changes resulted in an increase for this Council of £1.509m resulting in total Welsh Government funding of £212.341m.

6.3 The headline figures included within the final settlement are:

	NPT	All Wales
2018/19 increase in Aggregate External Finance (AEF) after adjustment for grants transferred into settlement	0.2%	0.2%

6.4 The following former specific grants have been transferred into the settlement:

	NPT	All Wales
	£'000	£'000
ENVT – Waste element of the Single Environment Grant	1,477	35,000
SS – Welsh Independent Living Grant	1,273	26,889
SS – Social Care Workforce Grant	948	19,000
SS – Looked After Children Grant	361	7,415
SS – Carers Respite Care Grant	150	3,000
Social Care for Prisoners in the Secure Estate	0	412
	4,209	91,716

The following new monies have been provided in the settlement for new responsibilities:

	NPT	All Wales
	£'000	£'000
Homelessness Prevention	285	6,000
Capital limits for residential care charging (increase from £30k to £40k)	355	7,000
Total	640	13,000

6.5 Specific Grants

Details of the All Wales funding for specific grants are included in Appendix 2. Members will note that the total amount of specific grants that has currently been announced totals £693.39m. There are six grants within the economy and infrastructure portfolio of the Welsh Government that are yet to be announced including concessionary fares (£60.4m), bus services support grant (£25m) being the two largest in value.

Members will note the following points in relation to individual grants:

- The Education Improvement Grant has been cut from £133m to £118m (-£15m) with a further cut of £11m projected for 2019/20. Since the final settlement announcement, there has been ongoing discussions between the WLGA, ADEW and the Welsh Government in relation to the 2018/19 cuts in this grant and its implication on the Minority Ethnic Achievement and Gypsy Traveller services. Recent discussions have indicated that the Welsh Government will provide a grant of £7.5m to cover these services. Currently the majority of the grant is forwarded to Cardiff, Swansea and Newport Councils in line with their service demand requirements. This Council currently receives £252k for both services but the new grant offer is unlikely to be of this level. Should there be a reduction in Welsh Government funding the Council will need to consider making a call on General Reserves to make up any shortfall.
- The Single Environment Grant has been cut by £6m. This is after transferring £35m into the Settlement with the remaining specific grant amount available for sharing at £20.8m. This grant underpins the Council's waste recycling service and clarification on our share of this grant is being pursued.

- Most Social Services grants have been transferred into the settlement with only the Substance Misuse grant remaining outside at £22.6m
- The Welsh Government have also indicated that they will allow from April 2018 some flexibility on the use of the following grants which total £254m - Supporting People, Flying Start, Families First, Communities First Legacy Fund and Employability Grants. At present there is ongoing discussions taking place to clarify what is meant by “flexibility” and members should note that this budget has been prepared on the initial allocations being spent on existing service areas. Once clarification has been received a further update will be provided to Members.

7 The Council’s Revenue Budget

- 7.1 The Cabinet Board report of the 8th November received approval to commence consultation on the draft proposals for financial savings and income generation for 2018/19 and beyond.
- 7.2 The proposed final budget included at Appendix 1 sets out the expenditure and funding for 2018/19, which is summarised below.

	2017/18	2018/19	Change
	£’000	£’000	£’000
Education Leisure and Lifelong Learning	103,522	105,524	2,002
Social Services and Housing	75,874	78,632	2,758
Environment	33,258	34,755	1,497
Corporate Services	16,730	17,433	703
Precepts and Other	45,293	46,511	1,218
Net Revenue Budget	274,677	282,855	8,178
Funded by:			
Revenue Support Grant	161,547	166,733	5,186
Non Domestic Rates	46,024	45,608	-416
Discretionary Rate Relief	-212	-216	-4
Council Tax Yield	67,318	70,730	3,412
Total Funding	274,677	282,855	8,178

Members should note that in 2018/19 Council Tax payers will fund 25% (24.5% 2017/18) of the Council’s Net expenditure. The

majority of the funding at £212m or 75% is paid for by Government Grant and a share of the Non-Domestic Rates Pool.

8 Service Overview

8.1 Neath Port Talbot County Borough covers over 170 square miles. It is home to around 140,000 people living in more than 65,000 households in communities across the County Borough. The Council provides many different services to residents and businesses. We are responsible for maintaining approximately 860 kilometres of roads, 940 kilometres of footpaths and over 18,000 street lights across the County Borough.

8.2 The following are examples of the many varied services that the Council provides on a daily basis:

- Education and schools
- Adult education
- Youth services
- Libraries including supporting community libraries
- Theatres and leisure
- Social services including homecare, residential care, supporting children and other vulnerable people with disabilities
- Highways maintenance
- Street lighting
- Building control
- Planning and economic development
- Passenger and school transport
- Waste management including refuse and recycling collections and disposal
- Food hygiene and trading standards
- Pest control
- Cemeteries and crematoria
- Licensing of taxis, pubs and restaurants
- Margam and Gnoll Country Parks
- Homeless assistance
- Registration of births marriages and deaths
- Housing and Council Tax Support

The Council pays a precept of £7.3m to the Mid & West Wales Fire Authority who provides the local fire service.

Members will note that the Council Tax payers pay approximately 25% of the net costs of running all Council services.

- 8.3 The following paragraphs provide further information in relation to the service investments and budget savings arising from the 2018/19 Budget (savings proposals are further explained in Appendix 4).

8.4 **Education Leisure & Lifelong Learning (ELLL)**

The directorate has a net budget of £105.524m, of which £81.708m is delegated to schools, and £23.816m is allocated for other Education services. In addition, grant and income boosts the gross expenditure for schools and the rest of the directorate to £138m.

As part of this investment the Council provides

- Education to almost 21,000 pupils from nursery age to post 16
- Specialist support and education to over 5,000 pupils
- Over a million nutritious school meals and transports pupils to school buildings cleaned by our staff
- Investment in 21st century schools to improve learning environments and provide state of the art facilities for the benefit of pupils and the wider community
- Support and champion the needs of vulnerable pupils and families to enable them to become more resilient
- A library service that issues over 420,000 books to the citizens of the county borough and supports community libraries
- A youth service that engages with over 5,500 young people with a further 2,000 adults benefiting from our community learning provision
- Theatres that present over 200 cultural events per annum and host over a million visits to Margam Park. Our contract with Celtic Leisure also enables over a million visits per annum to leisure centres and swimming pools

Schools – The Council is committed to prioritising investment in schools and educating our children. Today's proposed budget provides extra £1.756m cash to schools increasing their budget to

£81.708m. In addition, schools retain all income generated and specific grant funding provided via the Welsh Government and other sources. The projected gross budget for schools is circa £95m.

Other – The Council will be investing £23.8m in other Education Leisure and Lifelong Learning Services, an increase of £246k from 2017/18. This is inclusive of an additional £73k (Appendix 3) provided to cover pressures, helping to protect services to vulnerable families and children. Following the withdrawal of the specific Welsh Government Grant for School Uniforms this budget includes the provision of £35k so that the Council continues to provide funding to families of pupils when they transfer from Primary to Secondary Education (in line with the Council Scheme).

This investment is also net of the savings of £849k for the Directorate as set out in Appendix 4.

Members will recall that as at November the draft savings for consultation totalled £980k. Following consultation the following savings proposals for 2018/19 have been amended:

Original Ref	Description	Original £'000	Comment	Proposed £'000
ELLL716	Tir Morfa Education Centre	76	Saving already realised in current year and further savings or income not available	0
ELLL802	Celtic Leisure	100	Reduce savings target	50
ELLL810	Cefn Coed Museum – reduce subsidy	10	Savings of £5k per annum for the next 2 years. Proposal to also carry forward £5k underspend to 2018/19.	5

8.5 Social Services Health & Housing

The directorate has a net budget of £78.6m of which £21.5m is invested in Children Services; £46.2m is allocated for adult and vulnerable people services, £10.2m in social work and management support and £295k in housing services. In addition, grant and income boosts the total gross expenditure for social services health and housing to £104.4m.

As part of this investment the council provides

- Support for 328 looked after children. This has reduced significantly from a high of some 502 in 2012 and manages foster care placements and adoptions.
- Elderly services via home care to over 760 service users, and 600 residential care users
- Services to some 600 people with mental health and learning disabilities
- Social worker support work is being provided to over 3,300 adults or people with disabilities and a further 1,300 families through our children Social work team.
- Supporting people arrangements for some 950 clients.

Children Services – In 2018/19 the Council will continue to prioritise and make a significant investment of £21.5m in Children Services. The service continues to improve and has managed safely a reduction in the number of looked after children within the County Borough. This enables the service to make the £500k savings from its budget.

Adult Services – The Council will be investing £46.6m in Adult Social Care Services, which includes the additional funding from the Welsh Government policy to increase capital limits for residential care charging (£355k). The service will also benefit from receiving the specific grants that have transferred into the settlement (see para 6.4) which amount to £3.732m.

Management support including social work costs - The Council is maintaining its investment in social workers in order to support clients across Children and Adult services with a budget of £10.2m.

Housing Services – This budget includes the passport of £285k new monies for the homeless service made available within the

Welsh Government Settlement. The gross investment in Housing Services totals £6.9m of which Supporting People at £4.8m receives the largest budget share with further investment in renewal area, housing options, homeless and the reopening of Beaufort House. Net of grants and income this budget totals £295k.

As members will note the budget provides new funding of £1.794m for specific pressures as set out in Appendix 3, to reflect the growth in demand for services.

Members should note that the Council is continuing to progress a significant change programme in Adult Services with associated savings of circa £4.050m being targeted.

The Social Services and Wellbeing Act 2014 encourages all Councils to maximise people's independence by providing support to people to live independently at home, encourage the provision of respite opportunities and appropriate care packages. The Council is progressing this work, and various changes are being incrementally made to services and budget provision.

Community services continue to be developed in partnership with Health, in order to reduce the number of people requiring hospital, residential and nursing care. Work continues to be undertaken through the social work teams to review the needs of individuals to enable people to be as independent as possible

8.6 Environment

For 2018/19 the Council will be investing £34.755m in Environment Services, an increase of £1.497m from 2017/18. In addition, grant and income boosts the gross expenditure for Environment to £58.7m.

Members will also note that following consultation this final budget includes additional investment for Environment including:

- £150k for City Deal to cover Joint Committee contribution and an increase in capacity to develop projects
- £70k for running costs of the former County Court
- £100k for the Household Waste Recycling Centres

- £95k for Jet Vac machine and crew to clear culverts and drains
- £160k to cover increased energy contract costs

It also includes the £1.477m made available for waste services following the transfer of part of the specific grant into the settlement.

As part of this investment the council provides various services including:

- 18,000 lighting units throughout the county borough
- 1.6m refuse collections per year
- 3.3m recycling collections per year
- Maintaining 860 kilometres of roads, 940 kilometres of footpaths and 15,000 road signs
- Repairs to 300 potholes per month
- Clean over 30,000 gullies a year
- Maintain 1,900 culverts, 1,800 retaining walls and 356 bridges
- Has secured £35m of investment for Port Talbot through the recent Vibrant and Viable Places programme
- Secured over £9m of European Funding to run the Workways+ programme across South West Wales until December 2020 taking unemployed people into employment and work experience
- Architectural design and manage the construction of five new schools opening during 2018/19
- Public protection via issuing Environmental Health statutory notices
- Assisted 45 people to remain in rented properties
- Property services management for industrial units and workshops across the county borough

The Directorate will be required to deliver savings of £688k as outlined in Appendix 4.

Members will recall that as at November the draft savings for consultation totalled £713k. Following consultation the savings proposal below has been reduced:-

Original Ref	Description	Original £'000	Comment	Proposed £'000
ENV 801	Car Parking	200	Remove the saving relating to the withdrawal of free Christmas parking	175

8.7 Corporate Services

For 2018/19 the Council will be investing £17.433m in Corporate Services. This includes an additional £150k to fund identified pressures, as outlined in Appendix 3. However the Directorate is also required to deliver savings of £648k which will be achieved by reducing staff costs through the voluntary redundancy scheme, due to improved efficiencies and the move to increased digital services.

The investment here includes provision of frontline services at the Registrars, contribution to the joint Coroners Service operated with City and County of Swansea Council, provision of land charges information, licensing of taxis and various venues, housing benefit, council tax and business rates administration. Corporate Services also consists of Finance, HR, Legal, ICT and telephony services for all schools and the whole of the Council. It also includes the costs of Democratic Services and Member costs.

8.8 Other Budget Provisions – As set out in paragraph 9.11 a budget provision of £7.439m has been provided for levies and contributions to external bodies. This is an increase of £175k on 2017/18 with the largest amount being payable to the Mid and West Wales Fire Authority at £7.288m.

The capital financing budget is set at £18.573m to fund the repayment of debt borrowed by the Council to fund its capital programme. In addition, £17.841m has been provided to fund the Council Tax Support Scheme in line with Welsh Government requirements. This will provide financial support to some 17,500 of the most financially disadvantaged council tax payers in the county borough.

Following receipt of the final settlement and a review of the consultation responses the following adjustments have been made to central budgets which total £2.105m:

Description	Impact	Saving £'000
Council Tax Increase	Increase to 3.7% rather than 4.5% as per consultation report	480
Council Tax Collection Rate	Increase from 96% to 97%. This has no impact on the amount paid by council taxpayers	725
Council Tax Reduction Scheme	Saving due to projected costs for 2018/19	200
Contingency - Management of Change	Reduced provision from revised budget to £500k	450
Pay and Pensions Provision	Reduction in Pension element to £190k	250
Total		2,105

9. Budget Analysis 2018/19

9.1 The annual change in the budget is summarised as follows:

	£'000	£'000
Revised Guideline Budget 2017/18		274,677
Inflation, Pay awards		9,766
New Responsibilities (par 6.4)		640
Net transfer into RSG (par 6.4)		4,209
Service Pressures (par 9.8)		2,458
Total Requirement		291,750
Directorate savings		
- Education, Leisure and Lifelong Learning	-849	
- Social Services, Health and Housing	-4,550	
- Environment	-688	
- Corporate	-648	
- Other	-55	-6,790
Corporate Savings (par 8.8)		-2,105
Budget 2018/19		282,855

9.2 The savings have been identified as a result of a prolonged and intensive level of professional and Cabinet Member input, which

has examined current service provision and then proposes fundamental changes in the way the Council operates and delivers services.

- 9.3 Proposals have been subject to consultation with the public, partners, staff and trade unions, and where appropriate with service users, have been scrutinised by the relevant committees, and prepared in the context of the Corporate Plan, based upon the following three Well-being objectives:
- To improve the well-being of children and young people giving “all of our children and young people the best start in life and helping them be the best they can be”
 - To improve the well-being of all adults who live in the county borough so that “everyone participates fully in community life – socially and economically”
 - To develop the local economy and environment so that the well-being of people can be improved resulting in “Neath, Port Talbot and Pontardawe will be a vibrant and healthy place to live, work and spend our recreational time”
- 9.4 Work will continue during 2018/19 to ensure that the savings identified are delivered and details are included in Appendix 4. Each individual Cabinet Board/Scrutiny Committee will meet throughout the year to scrutinise the implementation of the proposals and to monitor their achievement.
- 9.5 Pay award – the budget allows for a 2% pay award for all staff and the termination of the workforce strategy. An additional £1m has been provided in the pay and pensions budget to fund the proposed pay award offer for lower graded staff. Once the pay award negotiations have been finalised with trade unions this budget will be released to relevant budget holders.
- 9.6 Price & income inflation – price inflation has been allowed on a selective basis and total income receipts have been assumed to increase by 2%, as a result of changes in price and volume.
- 9.7 Service pressures – a review of service pressures has been undertaken and the following additional amounts have been included in the budget:

Service Pressures & Investment	£'000
Education Leisure and Lifelong Learning	73
Social Services and Housing	1,794
Environment	108
Corporate	150
Pay and Pensions provision	333
Total	2,458

Further details of these service pressures are included in Appendix 3.

9.8 Pay and Pensions Provision

A Pay and Pension provision of £1.190m is available in 2018/19 as a contingency to fund the proposed additional pay award for lower graded staff, and any shortfall in the guaranteed funding level required by the Local Government Pension Fund Actuary.

9.9 £18.573m is included in the budget to meet the cost of capital financing charges/ prudential borrowing. A separate report setting out the Council's capital programme is included on the agenda for today.

9.10 External bodies - The following provisions have been made in respect of precepts, levies and contributions to external bodies:

External Body	2017/18	2018/19	Change
	£'000	£'000	£'000
Mid & West Wales Fire & Rescue Authority	7,104	7,288	184
Swansea Bay Port Health Authority	53	46	-7
West Glamorgan Archive Service	92	91	-1
Magistrates Court	14	13	-1
Margam Joint Crematorium Committee	1	1	0
TOTAL	7,264	7,439	175

9.11 Council Tax – The draft budget for consultation assumed that the council tax would increase by 4.5%. Following consultation and receipt of the final settlement this has been reduced for the final budget and it is now proposed that the Neath Port Talbot Council

Tax at Band D will increase by 3.7% or £53.41 to £1,496.71. Based on a council tax base of 47,257.40 Band D properties this will generate council tax proceeds of £70.73m or 25% of the Council's funding to meet its net Budget requirement.

Although the Council is required to state the Council Tax at Band D, approximately 84% of residents in Neath Port Talbot are charged below this level, with the majority seeing an increase of less than 13 pence per day.

Members should note that the Council Tax setting process for 2018/19 will be completed at the scheduled meeting on 28th February 2018. At that meeting Council will be required to set the total Council Tax for 2018/19 incorporating the amount payable for this County Borough, the Police and Crime Commissioner for South Wales and relevant Community Council.

10 **Standard Spending Assessment** – The Council's budget for 2018/19 will be 5.01% or £13.490m above its Standard Spending Assessment of £269.365m, which is the Welsh Government's assessment of the need to spend.

11 **Consultation** – The following extensive engagement and consultation activities have been undertaken following the approval of the Draft Report that started consultation on 8 November 2017 through to 15 January 2018.

- Overarching public consultation on the Council's budget setting process (including on line web portal, comments via social media and feedback via boxes in public buildings)
- Specific consultation exercises with service users and wider stakeholders on proposals that required additional consultation
- Internal consultation including Chief Executive questions and answer sessions across the 3 main civic sites, intranet "post a question" facility, post a question boxes, and a dedicated email for staff. A copy of the Cabinet report was also placed in eight Council buildings so that staff without access to the intranet could take part in the consultation
- Stakeholder consultation (including elected members, forums, boards, committees, trade unions and other stakeholders)
- Written responses from external organisations.

A summary of the responses received is included in Appendix 8. Following receipt of responses from the public, staff, service users and Members it should be noted that some of the proposals originally consulted on have been amended as set out in this report and summarised below. Members have also considered and reviewed the draft proposals within the appropriate Scrutiny Committee meetings that took place during November, December and January.

Changes to the draft savings proposals and other budget provisions incorporated into the 2018/19 Budget

Following receipt of the Final Local Government Settlement and the closure of the Consultation period the following changes have been made to the original draft proposals.

The council tax increase has been reduced from a proposed 4.5% to 3.7% and, along with consideration of the comments received by respondents, the Council has amended various budget saving proposals as set out below.

ELLL 716 – Tir Morfa Education Centre – savings of £76k withdrawn

ELLL 802 – Celtic Leisure - savings reduced from £100k to £50k

ELLL 810 – Cefn Coed Museum - savings reduced from £10k to £5k

ENV 801 - Car Parking - savings reduced from £200k to £175k - no longer pursuing the withdrawal of free Christmas parking. In addition it is proposed to:

- retain the first hour free parking at Pontardawe
- charge £3.50 at the Gnoll Country Park

OTH 801 – Increased contribution from Margam Crematorium Joint Committee by £5k to £55k

The final Budget also provides for additional investment in the following Environment services areas

- £150k for City Deal to cover Joint Committee contribution and an increase in capacity to develop projects
- £70k for running costs of the former County Court

- £100k for the Household Waste Recycling Centres
- £95k for Jet Vac machine and crew to clear culverts and drains
- £160k to cover increased energy contract costs

It also provides an additional £1m for the pay and pension contingency budget to fund the pay award offer for the lower paid that exceeds the previously budgeted 2% included in the draft budget.

Tourism – Members will note that during the consultation period both Council and external stakeholders highlighted opportunities from Tourism for increased income generation for communities and businesses. The Leader has commissioned a report on how best to maximise such benefits from tourism and this will be subject to further reports and consideration during 2018/19.

12 Service Budget Information – the Authority’s plan to close the budget gap is through the following complimentary strategies:

- Ensuring that all the individual savings (included in Appendix 4) are delivered in full.
- Improved efficiency and the elimination of waste
- Reduction in some service levels will occur together with some negative consequential impacts
- A Council Tax increase of 3.7%
- Increased use of income generating opportunities and selective increases in fees & charges.

13. Income Generation

The budget assumes a general uplift of 2% in total income receipts, arising from a combination of variations in price and activity. The general principle applied is that price increases should reflect anticipated inflationary increases, but must also be set in the context of the service and budget pressures facing the Authority. Charges must be sustainable in the future, consider the social impact and meet equality requirements (see also paragraph 22).

The 2018/19 Budget proposals include new or additional income generation strategies which include car parking, homeless

provision at Beaufort House, asset sponsorship, environmental health services and contribution from the Joint Margam Crematorium committee.

The income generation group chaired by the Deputy Leader continue to develop income opportunities which will assist future year budgets. Support is being commissioned from APSE to assist with developing and reviewing opportunities.

14. Reserves

Part of the overall budget preparation requirement is to undertake a review of the Authority's Reserves.

Specific reserves are established for an identified purpose and are used to fund either one-off items, or to assist with equalisation costs. Consideration must be given to the impact that utilising reserves may have on future year budgets.

The budget includes the net application of £4k from specific reserves, resulting in a projected closing balance of £29.211m at 31st March 2019. Details of all specific reserve movements and projected balances are included in Appendix 5.

General Reserves are projected to increase slightly from £20.613m to £20.674m by 31st March 2019, as set out in Appendix 6. Given the projected budget shortfall gap of £58m over the period 2019/20 to 2022/23 together with some significant costs that may arise for funding re landslides etc. it is proposed at this stage to retain the General Reserve for such future funding requirements. As mentioned in paragraph 6.5 Council may be requested to fund for 2018/19 a shortfall in the final Welsh Government grant announcement for the Minority Ethnic Achievement and Gipsy Travellers services.

The Authority is required to retain a reasonable level of reserves. As at 31st March 2019 the general reserves are projected to equate to 7.3% of the Authority's net budget.

15. 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 Director of Finance has made the necessary enquiries and received assurances from officers that the estimates are prudent and achievable.

A contingency of £989k has been set aside to fund any variations and the risks in delivering the savings included in the budget.

Outlined below are a number of risk areas that will need to be actively managed during 2018/19

- Containment of expenditure within the cash limit in light of the significant additional savings strategies
- Continuous improvement in Children Services, including reductions in the number of looked after children
- Continuing to work with the Health Service to reduce delays in discharge from Health Care.
- Potential delays in implementing the savings strategies and decisions.
- Correct provision for budget pressures
- Correct provision of inflationary increases linked to CPI/RPI
- Changes in taxation
- Unplanned use of the general or specific reserves
- Diminishing capital receipts
- Late announcement and in-year reduction in specific grants
- Ability to deliver WG recycling targets to minimise financial penalties
- Loss of experience and knowledge due to staff leaving on ER/VR
- Guaranteed pension payment value
- Correct assessment of pressures arising from the proposed changes to the new pay and grading structure
- MREC, waste management and other contractual pressures
- Implementation of the requirement of the Social Services Wellbeing Act 2014
- Implementation of the Welsh Language Standards
- Additional costs of properties declared as surplus, prior to disposal
- Unfunded costs relating to landslips at Pantteg and Cwmavon
- Variations to the number of claimants for Council Tax Support
- Identify future year savings proposals during a period of public sector funding cuts

- Future years funding requirements for capital investment including City Deal, 21st Century Schools and others.

16. Equality Impact Assessment – The Equality Act 2010 requires public bodies to assess the likely impact of proposed policies and practises on its ability to comply with the general duty (to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity, and foster good relations between different groups) for all people with protected characteristics.

As demand for services and the corresponding budget requirement exceed the funding available, there is an overall negative impact on the Council's ability to deliver services in 2018/19 at the same level as for 2017/18.

Further information relating to the Council's Equality Impact Assessment Statement for the 2018/19 Budget is included in Appendix 7.

17. 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”.

The Council will continue to monitor crime and disorder across the county borough with partners to ensure that the impact of these proposals is regularly reviewed.

18. Sustainable Development

The Wellbeing of Future Generations (Wales) Act 2015 introduced a requirement on the Council to act in accordance with the sustainable development principle.

The budget report incorporates many service change proposals which, taken together, represent a significant change in the Council's service delivery arrangements. The Council has worked hard, with its partners to strike the right balance in its overall proposals. This has included: protection 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 been protected most are reflected in the three Well-being objectives that the Council has set.

Never the less, whilst the Council has afforded protection to a range of activities that embrace the sustainable development principle, the budget position has required the Council to make other proposals which translate into service reductions or in some instances the withdrawal of services. In some instances services are being sustained in different service models, such as the transfer of assets and services to community groups. In other instances service areas are being rationalised and reorganised to mitigate the worst impacts of the related changes. Overall, the budget assumes that there will be a small number of staff leaving under ER/VR, the impact of which will reduce the number of jobs within the Council. Whilst the Council has made efforts to embrace the sustainable development principle in developing its budget proposals, it is inevitable, given the scale of changes that there will be some negative impacts arising from proposals.

Setting a balanced budget for 2018/19 will assist the Council in being able to demonstrate that it is managing its financial and operational statutory duties on a sustainable basis. Where there are budget reductions these are specifically identified within appendix 4 to the report and an Equality Impact Assessment has been undertaken where appropriate.

19. Workforce Implications

It is expected that some staff will leave the Council's employment by 31st March 2018 through the ER/VR scheme.

Personnel committee has delegated authority to Corporate Directors for any staff changes arising from the ER/VR process by 31 March 2018. Given that this work is ongoing it is proposed that this authority be extended for reporting by the end of June 2018.

20. Legal Impact

The Council has carried out both general and specific consultation on the Council's priorities and potential savings proposals as set out in the Cabinet report of 8th November 2017. Due regard is given to statutory service requirements and legislation in finalising changes to service delivery, budget reductions and their implications on service users. Members should consider carefully the responses to consultation and the Equality Impact Assessments.

21. Medium Term Budget Forecast – The Local Government Act 2003 and the Prudential Code infer a statutory requirement to prepare 3 year budgets, and to show affordability and sustainability in the decision making process.

This is the first year that the Welsh Government has provided any indicative funding announcements beyond the next financial year. In the Provisional Local Government announcement we should plan for a -1.5% reduction in 2019-20 but this has subsequently been reduced to a -1% reduction. However, at this stage it is prudent for Budget proposals for future years to be based on the following assumptions:

	2019/20	2020/21	2021/22	2022/23
WG funding	-2.0%	-2.0%	-2.0%	-2.0%
Pay & Pension Provision	2.0%	2.0%	2.0%	2.0%
Price inflation	2.0%	2.0%	2.0%	2.0%

Service pressures and savings proposals have also been included in the budget forecast (see Appendix 3 and 4).

This report includes a balanced budget for 2018/19, but indicates that savings solutions of circa £58m are required over the following 4 years. This will be addressed as part of the ongoing Forward Financial Planning process.

22. Fees & Charges – as mentioned in paragraph 14 the budget assumes a general uplift of 2% in total income receipts, arising from a combination of variations in price and activity. Income from services and respective fees and charges will form an integral part of future year budget proposals.

Due to the divergent timing of budget and fee setting, it is recommended that decisions are delegated to the appropriate Corporate Director together with:

- For Executive Functions - in consultation with the Leader, relevant Cabinet Member and Chair of the relevant Scrutiny Committee,
- For non-Executive Functions - in consultation with the Leader, Deputy Leader and Chair of the appropriate committee

23. Recommendations

It is recommended that Members having due regard of the Equality Impact Assessment information set out in this report and its Appendix 7 determine:

- a) 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 Overview and Scrutiny committee:-
 - o Fees and charges applicable for the financial year 2018/19
 - o 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.

- b) After reviewing the content of this report Cabinet commends to Council the following:
 - i) Latest budget position 2017/18 – approve the revised budget position and arrangements for 2017/18
 - ii) The Council’s Revenue Budget 2018/19
 - Take account of the Equality Impact Assessment and Crime and Disorder impacts in setting the budget for 2018/19

- Approve the Net Revenue Budget requirement for 2018/19, and the service plans for the delivery of the budgets
 - Approve the budget/forward financial plan savings (outlined in Appendix 4)
 - Instruct Corporate Directors to progress the savings and improvement programme for the Authority
- iii) 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 2018/19
 - 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
- iv) Council Tax 2018/19 – That the 2018/19 Band D equivalent for Neath Port Talbot County Borough Council will be £1,496.71.

24. Reasons for Proposed Decisions

To fulfil the statutory requirement to determine the budget for 2018/19.

To seek support for the Council's Forward Financial Plan.

To agree arrangements for setting Fees and Charges.

25. Implementation of Decision

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

26. Appendices

Appendix 1 – Revenue Budget Summary 2018/19

Appendix 2 – Welsh Government Grants

Appendix 3 – Service Plan Pressures and Investment

Appendix 4 – Budget Savings – Budget & Forward Financial Plan

Appendix 5 – Specific Reserves

Appendix 6 – General Reserve
Appendix 7 – Equality Impact Assessment for Budget 2018/19
Appendix 8 – Consultation Summary

27. Background Papers

Cabinet Report of 8th November 2017
Budget working papers 2018/19
Welsh Government Guidance on Scrutiny of Local Authority
holding and Utilising of Reserves
Consultation Responses
Equality Impact Assessments

28. Officer Contact

For further information on this report item, please contact:

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Revenue Budget Summary			
	2017/18	2017/18	2018/19
	Original budget	Revised budget	Original budget
	£'000	£'000	£'000
Directly Controlled Expenditure			
Education, Leisure and Lifelong Learning	103,499	103,522	105,524
Social Services Health and Housing	76,444	75,874	78,632
Environment	32,710	33,258	34,755
Corporate Services	16,554	16,730	17,433
Total Directly Controlled Expenditure	229,207	229,384	236,344
Levies			
Swansea Bay Port Authority	53	53	46
Fire Authority	7,104	7,104	7,288
Margam Crematorium	1	1	1
Contributions			
Archives Service	92	92	91
Magistrates Court	14	14	13
Other Expenditure			
Capital Financing (net of interest receipts)	17,830	18,270	18,573
Council Tax Support	17,397	17,397	17,841
Contingency	1,550	993	989
Pay and Pension Provision	650	440	1,190
Contingency - Management of Change	800	950	500
Contribution from Fire Authority Reserve	-21	-21	-21
NET REVENUE EXPENDITURE	274,677	274,677	282,855
INCOME			
Revenue Support Grant	161,547	161,547	166,733
National Non Domestic Rates	46,024	46,024	45,608
Discretionary Rate Relief	-212	-212	-216
Council Tax	67,318	67,318	70,730
TOTAL INCOME	274,677	274,677	282,855

Welsh Local Government Revenue Settlement 2018-2019

Final

Table 9: List and estimated amounts of Grants for total Wales

Existing Grant name	£m	
	2017-18	2018-19
Communities and Children		
Supporting People	123.688	123.688
Flying Start Revenue Grant	76.052	74.683
Families First	38.352	37.661
Communities First	19.647	0.000
Childcare Offer	10.000	25.000
Communities for Work	7.120	7.199
Cardiff Bay Legacy	5.891	5.400
Promoting Positive Engagement for Young People	4.330	4.330
Out of School Childcare	2.300	2.300
Violence against Women, Domestic Abuse & Sexual Violence Grant	1.938	1.938
St David's Day Fund	1.000	1.000
Lift	0.990	0.000
National Approach to Advocacy	0.550	0.550
Community Cohesion	0.360	0.360
Maintaining the Delivery of the Wales Adoption Register	0.172	0.172
Armed Forces Day	0.035	0.140
Remploy Employment Support Grant	0.006	0.002
Communities First Legacy	0.000	6.000
Communities Work Plus	0.000	10.050
Economy and Infrastructure		
Concessionary Fares	60.466	NA
Bus Services Support Grant	25.000	NA
Bus Revenue Support Traws Cymru	3.057	NA
Road Safety Grant	2.000	2.000
Young Persons Discounted Bus Travel Scheme	1.000	NA
Bus Revenue Support	0.546	NA
New Developments	0.500	0.000
Enterprise Zones	0.271	0.064
Ports Development Fund	0.090	0.000
Community Rail Partnership	0.065	NA
Travel Plan Co-ordinators	0.011	0.000
Education		
Education Improvement Grant	133.282	118.137
Pupil Development Grant	91.333	91.333
Pioneer Schools	7.895	7.105
Youth Support Grant	3.856	3.470
Small and Rural Schools Grant	2.500	2.500
Reducing infant class sizes grant	2.000	3.000
School Uniform Grant	0.700	0.000
Modern Foreign Languages	0.480	0.432
Senior Business Managers	0.200	0.200
Mentoring and Networking Support for Headteachers	0.150	0.140
Advisory team on Delivery of Foundation Phase for 3-4 year olds	0.041	0.000
National Numeracy Tests - Supported Marking Grant to Consortia	0.020	0.020

Appendix 2

Existing Grant name	2017-18	2018-19
		£m
Environment and Rural Affairs		
Single Revenue Grant - See note below	61.790	20.793
Waste Infrastructure Procurement Programme - Gate Fee Contributions	7.507	7.867
Animal Health & welfare Framework Funding	0.200	0.200
Financial support to enable prosecution to be brought for breaches in the TB Order	0.188	0.000
Renewal of Grant for the South Wales Regional Aggregate Working Party	0.050	0.050
Waste Planning Monitoring Report - North Wales and South East Wales	0.049	0.049
Waste Planning Monitoring Report - South West Wales	0.025	0.025
Renewal of Grant for the North Wales Regional Aggregate Working Party	0.025	0.025
Finance and Local Government		
Cardiff Capital City Deal	20.000	10.000
High Street Rate Relief	10.000	4.500
Child Burials	0.200	0.600
Lifelong Learning and Welsh Language		
Post-16 Provision in Schools	98.422	92.287
Adult Community Learning	4.307	4.307
Additional Learning Needs Innovation Fund	1.320	0.000
Learning in Digital Wales (Phase 2)	0.500	0.450
Promote and Facilitate the use of the Welsh language	0.314	0.314
Development of the Seren Network	0.120	0.300
Social Services and Public Health		
Welsh Independent Living Grant	27.000	RSG
Substance Misuse Action Fund	22.663	22.663
Social Care Workforce Grant	19.000	RSG
Expanding Edge of Care Services	5.000	RSG
Carer's Respite Care Grant	3.000	RSG
Support for Care Leavers	1.650	RSG
Reflect Project	0.850	RSG
Secure Estates	0.412	RSG
National Framework for Fostering	0.400	RSG
Development of Adoption Support Services in Wales	0.215	0.090
All Grants	913.100	693.393
All Grants excluding NA (for like-for like comparison)	730.529	693.393

NA – Grant amount not available

Revenue Pressures and Investments

Ref	Service area	2018/19	2019/20	2020/21	2021/22	2022/23
		£'000	£'000	£'000	£'000	£'000
ELLL5	Home to School Transport - Welsh Medium 2nd campus	65	100	35	0	0
ELLL6	Ysgol Bae Baglan Pay Protection	-27	-53	0	0	0
ELLL8	School uniform grant following termination of WG Grant	35	0	0	0	0
SSHH44	Adult Services LD - growth	100	100	0	0	0
SSHH48	Adult Services LD - transition growth	100	100	0	0	0
SSHH50	Living Wage - Contracts	544	654	705	0	0
SSHH51	Residential care - additional provision	250	270	280	280	280
SSHH52	Under achievement of previous FFP savings target in care packages and transfers to direct payments	800	0	0	0	0
ENVT19	Provision for Single Environment Grant	100	100	0	0	0
ENVT21	One off funding for Environment and Street scene	-970	0	0	0	0
ENVT24	Environmental Health pressure	25	0	0	0	0
ENVT 25	Maintenance of PDR	50	0	0	0	0
ENVT 26	Additional Housing, Electronic signs and public lighting	28	0	0	0	0
ENVT 27	Additional costs waste strategy implementation	150	0	0	0	0
ENVT 28	Additional recycling crew and vehicle	150	0	0	0	0
ENVT 29	City deal	150	0	0	0	0
ENVT 30	Former County Court building running costs	70	0	0	0	0
ENVT 31	Household Waste Recycling Centres - increased tonnage	100	0	0	0	0
ENVT 32	Culvert and drainage clearing - Jet Vac vehicle and crew	95	0	0	0	0
ENVT 33	Energy costs	160	0	0	0	0
CORP16	Housing Benefit Admin Subsidy Grant reductions	100	100	0	0	0
CORP17	Coroner	50	0	0	0	0
OTH004	Living wage - NPT	333	416	975	0	0
OTH008	Living wage - other contracts	0	250	0	0	0

Revenue Pressures and Investments

Ref	Service area	2018/19	2019/20	2020/21	2021/22	2022/23
		£'000	£'000	£'000	£'000	£'000
OTH009	New pay scale	0	2,800	250	250	250
CONT1	General Contingency	0	1,000	2,000	2,000	2,000
	Total	2,458	5,837	4,245	2,530	2,530

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
ELLL704	ES&C	Out of county placements	Andrew Thomas	No major impact, pupils will have reached school leaving age. Also savings in special school transport costs	1,251	23%	213	72
ELLL707	ES&C	Pontardawe Arts Centre - Reduce Subsidy	Andrew Thomas	Further reduction in net funding to theatres, possibly a reduction in opening times. Investigating other income generation opportunities to compensate for reduced subsidy.	224	36%	40	40
ELLL708	ES&C	Gwyn Hall - Reduce Subsidy	Andrew Thomas	More efficient management of Celtic Leisure contract.	220	36%	40	40
ELLL712	ES&C	Reduction in management costs.	Andrew Thomas	Full year impact of 2017/18 decision	1,063	2%	19	0
ELLL714	ES&C	Disability Sport - Withdraw match funding support for Disability Sports Coordinator's post	Andrew Thomas	Full year effect of 2017/18 decision. No decrease in provision as grant terms and conditions met.	117	13%	15	0
ELLL715	ES&C	School Catering	Chris Millis	Savings from implementing new pay scale	1,835	5%	100	0
ELLL801	ES&C	Re-negotiate current contract to deliver outdoor education at the Discovery Centre, Margam Park.	Andrew Thomas	Likely increased cost for NPT pupils - more in line with what other users pay. Every effort will be made to protect financially disadvantaged pupils from price increases.	366	68%	0	250

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
ELLL802	ES&C	Celtic Leisure Contract - negotiate a reduction in subsidy	Andrew Thomas	More efficient management of Celtic Leisure contract.	1,378	11%	50	100
ELLL803	ES&C	Youth Service - secure 5% efficiencies on core budget	Chris Millis	Reduced provision, resulting in less capacity to support young people. Aim to target more strategic activity.	510	5%	25	0
ELLL804	ES&C	School meals	Chris Millis	Savings identified as a direct result of the reduction in the number of schools	1,835	3%	50	0
ELLL805	ES&C	Music - 10% efficiency	Chris Millis	Reduced access to music provision across the County Borough.	170	10%	17	0
ELLL806	ES&C	Cut ERW additional funding	Chris Millis	Cease annual contribution to ERW and reduce core funding on the basis there are now far fewer schools in NPT	0	0%	80	0
ELLL807	ES&C	School cleaning - full cost recovery	Chris Millis	Increase current costs to primary and special schools. Possible risk of outsourcing.	70	100%	70	0
ELLL808	ES&C	Margam Park - market test with a view to appoint an operator for the catering functions.	Andrew Thomas	No impact to service users. Possible TUPE issues for staff for the very small number of staff who may be affected	366	20%	0	75

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
ELLL809	ES&C	Inclusion services - efficiency savings	Andrew Thomas	Further review of all areas of expenditure to secure efficiencies, eg vacancy management, out of county placements of pupils, maximising income	4,648	1%	50	0
ELLL810	ES&C	Cefn Coed Museum - reduce subsidy	Chris Millis	Consult and work with Friends of Cefn Coed Museum to identify income generation opportunities and volunteer contributions.	55	18%	5	5
ELLL811	ES&C	Home to School Transport - 1% savings target	Chris Millis	Home to school transport route re-tender savings.	5,360	1%	50	0
ELLL812	ES&C	Children and Young People - 5% efficiency on core budget costs	Chris Millis	Reduced provision, resulting in less capacity to support young people.	515	5%	25	0
SSHH801	SCHWB	Direct Payments	Andrew Jarrett/ Angela Thomas	The Social Services and Well being Act 2014 requires Councils to promote Direct Payments (DP). Social Workers will actively promote DP's to offer choice and control over the services they require. Savings will be made against the total placements budget.	47,556	2%	950	0

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
SSHH802	SCHWB	Asset Based Approach	Andrew Jarrett	The asset based approach is a successful strategy for reducing costs of social care by diverting demand and avoiding costs by earlier intervention & prevention; in addition to the very successful early intervention that already goes on. This means identifying sources of community provision which will meet people's needs in different ways. Savings will be made against the total adult placements budgets.	47,556	1%	685	0
SSHH803	SCHWB	Children Services	Keri Warren	The savings will be made against the total children placements budget and will encompass a focus on ensuring that children who can live at home do so, and those that cannot are provided with stability in care.	8,276	6%	500	0

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
SSHH804	SCHWB	Learning Disabilities reconfiguration	Ian Oliver	Review of Independent Supported Living packages of care, with a planned approach to reassessing people’s needs to enable individuals to be as independent as possible. Explore how, the use of assisted technology can support people in different ways especially during the night. Work with the whole sector to create more effective models of care/support & promote greater independence.	12,552	4%	500	0
SSHH805	SCHWB	Review of domiciliary care packages of care	Ian Oliver	Carry out reviews for packages of independent sector domiciliary care within the community to ensure that people are supported to achieve greater independence and are not being over supported.	6,497	1%	85	0

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
SSHH806	SCHWB	Maximise usage of block booked residential care beds	Angela Thomas	Ensure the utilisation of the block contracted beds are maximised to the 80% contracted amount with the Service provider - POBL. Manage the allocations into these beds from a central point to ensure full occupancy, savings based on a reduction of independent sector placements due to maximising beds. Savings will be made against the elderly residential care budget	18,884	1%	200	0
SSHH807	SCHWB	Reconfigure assessment & reablement beds within block contract	Ian Oliver	Review the use of assessment and reablement beds, convert a proportion of the capacity to long terms beds to maximise utilisation. Savings will be made by better use of the elderly residential care budget	18,884	0%	80	0
SSHH808	SCHWB	Welsh Independent Living Grant (WILG) Service Reviews	Ian Oliver	Review of all placements receiving WILG funding to create greater independence. Savings will be made against the WILG budget.	1,273	39%	500	0
SSHH809	SCHWB	Beaufort House	Angela Thomas	Reopen Beaufort house as a homeless hostel to increase homelessness provision in the borough	0	0%	150	0

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
SSHH810	SCHWB	Mental Health placements	Ian Oliver /Beverly Cannon	Carry out a review of people's needs, within mental health residential services. To support people to access community based support and achieve greater independence. Savings will be made against the mental health placement budget	2,369	4%	100	0
SSHH811	SCHWB	Double handling programme	Ian Oliver	Occupational Therapists to carry out a review of people receiving double handling care calls from the external homecare sector. Creating greater independence, with the right support and equipment. Savings will be achieved in the external domiciliary care service.	6,497	5%	300	0
SSHH812	SCHWB	Internal homecare service	Angela Thomas	Carry out an in-depth review of the current homecare provision to explore the optimum operating model. Retain complex, reablement and rapid response elements, and explore ways to commission generic homecare from the independent sector. Savings will be achieved by deleting vacant posts and reducing the flexible cover budget	4,622	11%	500	0
ENV706	CS&PP	Asset Sponsorship	Nicola Pearce	Income generation	0	0%	75	0

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
ENV801	S&E	Car Parking	Dave Griffiths	Alignment and Increase in charges. Retention of 1 hour free parking in Pontardawe. Introduction of mobile CCTV camera van enforcement with focus on dangerous parking outside schools and bus bays.	-171	-102%	175	0
ENV802	S&E	Waste Disposal Procurement	Michael Roberts	Subject to the outcome of procurement	4,915	4%	200	0
ENV803	S&E	Household Waste Recycling Centres	Michael Roberts	Alternative service delivery in the Upper Swansea Valley but extend current service contract at Pwllfawatin for 2018/19	1,299	8%	100	0
ENV804	All	Staff savings	All	Reduced staff capacity	0	0%	30	0
ENV805	CS&PP	Planning	Nicola Pearce	Reduced staff	310	10%	30	0
ENV806	R&SD	Crynant Business Centre	Simon Brennan	Increase rentals	18	98%	18	0
ENV807	S&E	Gnoll Country Park	Michael Roberts	Increase in charges including car parking	74	40%	30	0
ENV808	S&E	Survey Team	Michael Roberts	Service Review to ensure all costs are recovered from clients	66	46%	30	0

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
CORP576	P&R	Introduce revised access to service policy across council	Karen Jones	Implement the digital by choice strategy, moving more customers to self-serve options thus reducing the volume of telephone and face to face enquiries.	614	6%	0	36
CORP577	P&R	CCTV - cost savings	Karen Jones	Savings at the end of the current CCTV Maintenance contract period.	243	12%	0	30
CORP604	P&R	Occupational Health - reduce professional fees budget	Sheenagh Rees	Full year impact of savings from introducing Occupational Health on line referral system and the referral hotline number.	260	4%	10	0
CORP702	P&R	Staff reductions	S John	Development capacity will fall and service requests will take longer to effect. Income generation and/or collaborative opportunities may offset some job losses/service issues. A number of posts are funded from reserves which will be exhausted by March 2020.	3,883	8%	200	100
CORP705	P&R	Human Resources - occupational health, health & safety	Sheenagh Rees	Delete partial hours where post holders have reduced their working hours.	624	2%	15	0

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
CORP801	P&R	Financial Services - Staff reductions in various teams across the finance division	Dave Rees	These reductions will require re-structuring of the relevant sections which may impact on performance levels. It is expected that the staff reduction should be achieved via ER/VR.	3,513	7%	163	95
CORP802	P&R	Financial Services - Non staff savings	Dave Rees	Reduced spend available for non staff expenditure heads.	3,513	0%	15	0
CORP803	P&R	Legal services	David Michael	Staff savings	886	4%	32	0
CORP804	P&R	Land charges	David Michael	Staff savings	-51	-53%	27	0
CORP805	P&R	Legal Services - corporate support services	David Michael	Staff savings	112	12%	13	0
CORP806	P&R	Health & Safety - Staff reductions	Sheenagh Rees	Reductions in capacity to manage health and safety of projects and staff.	364	4%	15	0
CORP807	P&R	HR - Staff reductions	Sheenagh Rees	Reduce capacity to respond to statutory data returns, implement personnel committee reports, data cleansing, resulting in delays in response to queries, compilation of FOI requests.	1,300	3%	34	0

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
CORP808	P&R	Training	Sheenagh Rees	Non staff savings	247	1%	2	0
CORP809	P&R	Corporate Services	Hywel Jenkins	Reduction in staff costs	3,513	1%	30	0
CORP810	P&R	Community Safety	Karen Jones	Staff savings	159	5%	8	0
CORP811	P&R	Community Safety	Karen Jones	Non staff savings	159	1%	2	0
CORP812	P&R	Democratic services	Karen Jones	Transport savings	1,344	1%	19	0
CORP813	P&R	Democratic services	Karen Jones	Staff savings	1,344	1%	17	0
CORP814	P&R	Democratic services	Karen Jones	Non staff costs	1,344	0%	3	0
CORP815	P&R	Corporate strategy	Karen Jones	Increase income	365	6%	23	0
CORP816	P&R	Corporate strategy	Karen Jones	Non staff savings	365	1%	2	0
CORP817	P&R	One stop shop	Karen Jones	Staff savings	614	1%	9	0
CORP818	P&R	One Stop Shop and Contact Centre	Karen Jones	Non staff savings	614	1%	7	0
CORP819	P&R	Communications	Karen Jones	Non staff savings	272	1%	2	0

NB: All budget savings commencing with references 500, 600 and 700 have been approved in previous financial years.

Ref	Board	Description	Lead	Main Impacts	Net Budget 2017/18	% saving	2018/19 £000	2019/20 £000
OTH801	P&R	Margam Crematorium	David Michael	Contribution from Joint Committee	N/A	0%	55	0
				Total			6,790	843

Specific Reserves

Description	Reserve at 1st April 2017 £000	Reserve Movements 2017/18		Est Balance at 31 Mar 2018 £000	Reserve Movements 2018/19		Est Balance at 31 Mar 2019 £000
		To £000	From £000		To £000	From £000	
EDUCATION, LEISURE & LIFELONG LEARNING							
<i>Delegated Schools Cash Reserves</i>							
ERVR Primary	Cr 48	0	0	Cr 48	Cr 1	0	Cr 49
Primary Schools Reserve A/C	Cr 2,059	0	0	Cr 2,059	0	0	Cr 2,059
Secondary Schools Reserve A/C	Cr 569	0	0	Cr 569	0	0	Cr 569
Special Schools Reserve A/C	Cr 127	0	0	Cr 127	0	0	Cr 127
Repairs and Maintenance Reserve	Cr 161	0	0	Cr 161	0	0	Cr 161
	Cr 2,964	0	0	Cr 2,964	Cr 1	0	Cr 2,965
<i>Education, Leisure and Lifelong Learning</i>							
Equalisation Account-Education	Cr 55	0	50	Cr 5	0	0	Cr 5
Home to School Transport	0	Cr 60	0	Cr 60	0	60	0
	Cr 55	Cr 60	50	Cr 65	0	60	Cr 5
Total Education Leisure & Lifelong Learning	Cr 3,019	Cr 60	50	Cr 3,029	Cr 1	60	Cr 2,970

Specific Reserves

Description	Reserve at 1st April 2017 £000	Reserve Movements 2017/18		Est Balance at 31 Mar 2018 £000	Reserve Movements 2018/19		Est Balance at 31 Mar 2019 £000
		To £000	From £000		To £000	From £000	
SOCIAL SERVICES, HEALTH & HOUSING							
<i>Hillside Secure Unit</i>							
Hillside General Reserve	Cr 1,713	Cr 139	202	Cr 1,650	Cr 143	238	Cr 1,555
	Cr 1,713	Cr 139	202	Cr 1,650	Cr 143	238	Cr 1,555
<i>Other</i>							
WB Safeguarding Board Reserve	Cr 100	0	0	Cr 100	0	0	Cr 100
Substance Misuse Joint committee	Cr 27	0	0	Cr 27	0	0	Cr 27
Homecare ECM Equipment Reserve	Cr 43	Cr 10	0	Cr 53	Cr 10	0	Cr 63
Community Care Transformation Reserve	Cr 108	0	0	Cr 108	0	0	Cr 108
Social Services Equalisation	Cr 40	0	0	Cr 40	0	0	Cr 40
Youth Offending Team - Equalization	Cr 153	0	0	Cr 153	0	0	Cr 153
	Cr 471	Cr 10	0	Cr 481	Cr 10	0	Cr 491
Total Social Services Health & Housing	Cr 2,184	Cr 149	202	Cr 2,131	Cr 153	238	Cr 2,046

Specific Reserves

Description	Reserve at 1st April 2017 £000	Reserve Movements 2017/18		Est Balance at 31 Mar 2018 £000	Reserve Movements 2018/19		Est Balance at 31 Mar 2019 £000
		To £000	From £000		To £000	From £000	
ENVIRONMENT							
<i>Directorate</i>							
Concessionary Fare - Bus Pass Replacement Reserve	Cr 152	0	0	Cr 152	0	0	Cr 152
Asset Recovery Incentive Scheme	Cr 86	0	0	Cr 86	0	0	Cr 86
Local Development Plan	Cr 126	Cr 39	39	Cr 126	0	0	Cr 126
Economic Development	Cr 40	Cr 200	200	Cr 40	Cr 200	200	Cr 40
Winter Maintenance Reserve	Cr 764	0	0	Cr 764	0	0	Cr 764
Building Maintenance Reserve	Cr 100	0	100	0	0	0	0
Environment Equalization Reserve	Cr 184	0	145	Cr 39	0	0	Cr 39
Environment Legacy Reserve (SWTRA)	Cr 60	0	0	Cr 60	0	0	Cr 60
Baglan Bay Innovation Centre - Dilapidation Reserve	0	Cr 78	0	Cr 78	0	0	Cr 78
	Cr 1,512	Cr 317	484	Cr 1,345	Cr 200	200	Cr 1,345
<i>Operating Accounts</i>							
Operating Accounts Equalization	Cr 36	0	16	Cr 20	0	0	Cr 20
Fleet Maintenance Reserve	Cr 100	0	23	Cr 77	0	0	Cr 77
Vehicle Tracking	Cr 12	0	12	0	0	0	0
Operating Accounts -Vehicle Renewals	Cr 1,705	0	498	Cr 1,207	Cr 1,063	0	Cr 2,270
	Cr 1,853	0	549	Cr 1,304	Cr 1,063	0	Cr 2,367
Total Environment	Cr 3,365	Cr 317	1,033	Cr 2,649	Cr 1,263	200	Cr 3,712

Specific Reserves

Description	Reserve at 1st April 2017 £000	Reserve Movements 2017/18		Est Bal at 31 Mar 2018 £000	Reserve Movements 2018/19		Est Bal at 31 Mar 2019 £000
		To £000	From £000		To £000	From £000	
FINANCE AND CORPORATE SERVICES							
Elections Equalisation Fund	Cr 367	Cr 30	200	Cr 197	Cr 15	0	Cr 212
Health & Safety / Occupational Health	Cr 104	0	30	Cr 74	0	54	Cr 20
Development Fund for Modernisation	Cr 145	Cr 55	90	Cr 110	Cr 5	0	Cr 115
IT Renewals Fund	Cr 1,512	Cr200	500	Cr 1,212	0	315	Cr 897
Corporate Equalisation Reserve	Cr 805	Cr 265	501	Cr 569	0	424	Cr 145
Building Capacity	Cr 72	Cr 21	21	Cr 72	0	0	Cr 72
Digital Modernisation Reserve	Cr 270	Cr 59	211	Cr 118	0	106	Cr 12
Voluntary Organisation Reserve	Cr 51	0	19	Cr 32	0	10	Cr 22
Total Finance and Corporate Services	Cr 3,326	Cr 630	1,572	Cr 2,384	Cr 20	909	Cr 1,495
COUNCIL RESERVES							
Insurance-Claims Reserve	Cr 4,724	Cr 280	280	Cr 4,724	Cr 280	280	Cr 4,724
Swansea Bay City Deal reserve	Cr 50	0	50	0	0	0	0
Income Generation Reserve	Cr 200	Cr 550	0	Cr 750	0	34	Cr 716
Housing Warranties	Cr 220	0	0	Cr 220	0	0	Cr 220
Fire Reserve	Cr 52	0	21	Cr 31	0	0	Cr 31
Waste Reserve	Cr 423	0	30	Cr 393	0	0	Cr 393
LAWDC Contingency Reserve	Cr 988	0	17	Cr 971	0	0	Cr 971
Treasury Management Equalisation	Cr 3,075	0	0	Cr 3,075	0	0	Cr 3,075
ERVR - Transitional Reserve	Cr 6,243	0	145	Cr 6,098	0	0	Cr 6,098
Accommodation Strategy	Cr 2,760	0	0	Cr 2,760	Cr 50	50	Cr 2,760
Total Council Reserves	Cr 18,735	Cr 830	543	Cr 19,022	Cr 330	364	Cr 18,988
GRAND TOTAL SPECIFIC RESERVES	Cr 30,629	Cr 1,986	3,400	Cr 29,215	Cr 1,767	1,771	Cr 29,211

General Reserve

	Original 2017/18	Revised 2017/18	Estimate 2018/19	Estimate 2019/20	Estimate 2020/21	Estimate 2021/22
Opening balance 1st April	Cr 17,345	Cr 19,737	Cr 20,613	Cr 20,674	Cr 20,919	Cr 21,174
Council Tax increased income	Cr 1,400	Cr 1,400	Cr 1,000	Cr 1,000	Cr 1,000	Cr 1,000
Capital - Phase II Accommodation financing costs	350	350	340	330	320	310
Doubtful Debt Provision	160	160	200	200	200	200
Contributions to the Economic Development Fund	200	200	200	200	200	200
Community Councils Grant Scheme	25	25	25	25	25	25
Pantteg landslip - media support	0	0	40	0	0	0
NPT Works contract termination	0	0	135	0	0	0
Transfer to Income Generation Reserve at year end	0	550	0	0	0	0
2017/18 Projected underspend as per Quarter 3 Monitoring Report	0	Cr 761	0	0	0	0
Estimated Closing balance 31st March	Cr 18,010	Cr 20,613	Cr 20,674	Cr 20,919	Cr 21,174	Cr 21,439

Equality Impact Assessment – Budget 2018/19

(a) This EIA is being completed for a...

Service/ Function <input type="checkbox"/>	Policy/ Procedure <input type="checkbox"/>	Project <input type="checkbox"/>	Strategy <input type="checkbox"/>	Plan <input type="checkbox"/>	Proposal <input checked="" type="checkbox"/>
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(b) Please name and describe below...

Budget saving proposals to inform the Budget 2018/19.

Budget saving proposals, identified previously for realisation in 2018/19, form part of the current suite of budget saving proposals. As these were assessed in previous equality impact assessments they do not form part of this current assessment.

However, as the current suite of proposals were subject to public consultation during autumn 2017 cursory reference has been made to previously identified proposals in the Post Consultation section of the assessment.

(c) It was initially screened for relevance to Equality and Diversity in July 2017

(d) It was found to be relevant to...

Age.....	<input checked="" type="checkbox"/>	Race	<input checked="" type="checkbox"/>
Disability	<input checked="" type="checkbox"/>	Religion or belief	<input checked="" type="checkbox"/>
Gender reassignment.....	<input checked="" type="checkbox"/>	Sex.....	<input checked="" type="checkbox"/>
Marriage & civil partnership	<input checked="" type="checkbox"/>	Sexual orientation	<input checked="" type="checkbox"/>
Pregnancy and maternity	<input checked="" type="checkbox"/>	Welsh language	<input checked="" type="checkbox"/>

(e) **Responsibility:** Corporate Directors Group

Please note:

Sections 1-5 - prepared prior to the public consultation period.

Section 6 - prepared following public consultation

Equality Impact Assessment – Budget 2018/19

Section 1 – Aims (See guidance):

What are the aims?

A range of proposals have been identified to help close the gap in the Council's budget for 2018/2019 - 2019/2020.

Who has responsibility?

Elected Members and the Senior Management Team of Neath Port Talbot County Borough Council

Who are the stakeholders?

Residents of and visitors to Neath Port Talbot. Staff and service users of Neath Port Talbot County Borough Council

Section 2 - Information

(a) Service Users

Age	<input checked="" type="checkbox"/>	Race	<input checked="" type="checkbox"/>
Disability	<input checked="" type="checkbox"/>	Religion or belief	<input checked="" type="checkbox"/>
Gender reassignment	<input checked="" type="checkbox"/>	Sex.....	<input checked="" type="checkbox"/>
Marriage & civil partnership	<input checked="" type="checkbox"/>	Sexual orientation	<input checked="" type="checkbox"/>
Pregnancy and maternity.....	<input checked="" type="checkbox"/>	Welsh language	<input checked="" type="checkbox"/>

What information do you know about your service users and how is this information collected?

Service areas collect and more importantly utilise data on services 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

Information is collected through a variety of methods ranging from application forms and reviews, to satisfaction surveys and consultations.

(b) General

What information do you know and how is this information collected?

Census 2011 information remains the most comprehensive data for Neath Port Talbot. Please see details below.

Neath Port Talbot 2011 Census Summary Factsheet



1 Resident population

Total	139,812
Male	68,450
Female	71,362
Area (hectares)	44,126
Density*	3.2

2 Resident population age structure

	No.	%
0 - 4 year olds	7,599	5.4
5 - 15 year olds	17,038	12.2
16 - 24 year olds	14,930	10.7
25 - 44 year olds	35,312	25.3
45 - 59 year olds	29,399	21.0
60 - 64 year olds	9,483	6.8
65 - 74 year olds	13,862	9.9
75 - 89 year olds	11,032	7.9
90+ year olds	1,157	0.8

3 Ethnic group population

	No.	%
White	137,087	98.1
Mixed	910	0.7
Asian or Asian British	1,369	1.0
Black or Black British	299	0.2
Other	147	0.1

4 Religion

	No.	%
Christian	80,646	57.7
Buddhist	312	0.2
Hindu	144	0.1
Jewish	39	0.0
Muslim	573	0.4
Sikh	113	0.1
Other	533	0.4
No religion	47,265	33.8
Not stated	10,187	7.3

5 Residents with limiting long-term illness (LLTI) & general health of all

	No.	%
People with LLTI (Lot & little)	39,112	28.0

General Health		
	No.	%
Very good/good	102,543	73.4
Fair	22,640	16.2
Very bad/bad	14,629	10.5

6 Residents in communal establishments

	No.	%
Total	1,130	0.8

7 Households

60,393

8 Central heating (households)

No central heating	674
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9 Dwellings

Total number of dwellings	63,978
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10 Household and family types %

One person	30.2
One person (aged 65+)	13.9
One person (other)	16.3
Couple – no children	16.8
Couple & non-dependent children	12.9
Lone parent & non-dep. children	4.6
All households with dep. children	28.3
Couple & dependent children	18.3
Lone parent & dependent children	7.7

11 Housing tenure

	No.	%
Owner occupied	41,479	68.7
Shared ownership	111	0.2
Social rented	11,545	19.1
Private rented	6,186	10.2
Other/Rent free	1,072	1.8

12 Household spaces

Household spaces	64,017
At least one usual resident	60,393
No usual residents	3,624

13 Dwelling type %

Whole house or bungalow	89.2
Flat, maisonette or apartment	10.6

14 Car ownership %

Households with no car/van	25.5
Households with one car/van	43.3
Households with 2+ cars/vans	31.1

15 Economic activity (% of all aged 16-74)

	Male	Female
Economically active**	67.2	57.4
Economically inactive	32.8	42.6

**i.e. economic-activity rate

16 Economically active (% of all aged 16-74)

	Male	Female
Working full-time	45.5	26.5
Working part-time	5.6	22.1
Self-employed	8.4	3.1
Unemployed	5.9	3.1
Full-time student	1.8	2.6

17 Economically inactive (% of all aged 16-74)

	Male	Female
Perm. sick/disabled	9.5	9.6
Retired	15.5	19.1
Looking after home/family	1.3	7.3
Students	4.5	4.1

18 Employed residents

Total	57,220
Male	30,365
Female	26,855

19 Weekly hours worked (main job) %

	Male	Female
15 hours & under	1,445	3,243
16 - 30 hours	2,736	9,923
31 - 48 hours	22,351	13,683
49+ hours	4,501	1,098

20 Self-employed

Total	5,908
Male	4,286
Female	1,622

21 Qualified residents (% of all aged 16+)

Highest qualification attained level 4	18.8
Highest qualification attained level 3	11.0
Highest qualification attained level 1/2	30.4
No qualifications	30.9

22 National identity

Welsh only	71.8
Welsh & British	8.2
British only	11.2
No Welsh identity	19.0
No British identity	79.6

23 Industries (% of all aged 16-74 in work)

Energy, water, agriculture, fishing, mining & quarrying, etc	2.7
Manufacturing	14.5
Construction	8.6
Hotels & catering	4.7
Transport, storage & communication	4.1
Wholesale & retail, repair of motor vehicles	14.7
Financial intermediation	3.1
Real estate, renting & business activities	1.2
Public admin & defence	9.8
Education	8.6
Health & social work	14.7
Other	4.3

24 Occupations (% of all aged 16-74 in work)

Managerial	7.0
Professional, technical	13.7
Admin & secretarial	13.3
Skilled trades	12.9
Services & sales	10.4
Process plant & machine operatives	10.0
Elementary occupations	9.9

25 Welsh Language skills %

	NPT	Wales
No skills in Welsh	75.2	73.3
Can understand spoken Welsh only	6.4	5.3
Can speak Welsh	15.3	19.0
Can speak, but cannot read or write Welsh	2.7	2.7
Can speak and read but cannot write Welsh	1.6	1.5
Can speak, read and write Welsh	10.8	14.6
Can speak and other combinations of skills in Welsh	3.3	2.5

Notes

All % rounded to 1 decimal place; not all will add to 100%. Section 10 will usually add to more than 100%; percentages in other sections will be at most 100%, they may exclude some groups e.g. 'category unknown'. * Density is the number of people per hectare.

Equality Impact Assessment for Budget 2018/19

Section 3 – Impact**(a) Impact on Protected Characteristics**

Please consider the possible impact on people with different protected characteristics. This could be based on service user information, data, consultation and research or professional experience (e.g. comments and complaints).

	Positive	Negative	Neutral	Needs further investigation
Age	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Race	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religion or belief	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sex	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Welsh language	➔ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please see below

Equality Impact Assessment for Budget 2018/19

Proposals identified during previous years' budget processes (identified by ref numbers 5, 6 and 7)

The assessment undertaken for the budget 2017/18 indicated the likelihood of a net negative impact on protected groups. However, a number of mitigating actions to reduce the impacts were also identified and some further proposals were withdrawn.

During the financial year budget savings on some proposals for 2017/18 have been amended, predominately as a result of improved savings realised in other dependent proposals. However, the overall impact of these amendments does not materially change the original assessment.

New budget proposals for 2018/19 (Identified beginning with ref number 8)

The proposals relating to primarily internal arrangements e.g. reductions in office expenditure, civic transport, vacancy management, etc., are considered essentially to have a neutral impact on people from protected groups.

However, with the reduction in staff costs and the likely outcomes of the various service reviews there may be potential negative impacts for staff, especially those on lower grades (predominately women) as well as the additional stress associated with change, impacting on other groups including those with caring responsibilities and disabled staff. The pay award offer of 2% plus a higher offer for the lower paid will assist staff.

It is acknowledged that there will be a significant negative impact on various groups including children and young people, as a result of specific proposals, e.g. savings in the youth service and music service budgets as well as more generally across all protected characteristics with, for example, the reduction in subsidies to Cefn Coed Museum and Celtic Leisure, increases in commercial rents (where the cost of could be passed on to consumers) and parking charges.

It is anticipated that the combined impact of the various proposals on schools will be negative but this will be offset with the additional funds provided for the pay award and inflationary measures. The consequences of the saving proposals in the youth service and music service, along with the potentially higher costs to access outdoor education at Margam, will likely negatively impact on pupils' opportunities and may limit their activity and social interaction and will affect their sense of well-being. This 'opportunity poverty' will impact on those pupils who are among the most vulnerable in the county borough

The proposals identified within Social Services have the potential to be positive for a large number of services users, predominantly children and young people, older and disabled people. However, the Council is mindful that there is potential for mixed or negative impacts as a consequence of these proposals.

The reviews of the various services, e.g. the review on independent living packages of care, domiciliary care, double handling programme, etc., are part of a continuous programme of reflection and service improvement which aims to enable better outcomes for service users. However, it is recognised that there is a possibility for mixed or negative impacts as a result of changes in service provision, dependence

Equality Impact Assessment for Budget 2018/19

issues and ongoing appropriate provision.

It is likely that the proposal to increase charges and income from car parking will impact negatively on people from protected groups (children and young people, older and disabled people, women) as well as adding to the cumulative impact of proposals on these particular groups. Increases in charges could have a detrimental impact on those who use facilities; socially, educationally, to combat isolation, to improve mental health and wellbeing as well as for accessing essential services, such as health etc.

Household waste recycling centre – The service currently at Pwllfawatkin will continue for 2018/19 and hence will have a neutral impact on service users. There is potential for a negative or mixed impact with the proposed alternative service in the Upper Swansea Valley in future years. If there is a change of location people using the service will be required to travel further which could impact on various groups including those with caring responsibilities (usually women) and disabled people.

The cumulative impact on various protected characteristics of the budget proposals is likely to be overwhelmingly negative.

With the majority of the budget savings proposals being staff related within Corporate Services it is likely these will have a neutral impact on service users. However, the impacts as a result of staff savings are likely to be negative on staff in relation to service provision under reduced capacity. Similarly negative impacts are likely within Environment in relation to staff reductions/deletion of posts.

To assist with delivering these staff related budget savings the Council, with the support of trade unions, continues to make available an early retirement/voluntary redundancy scheme with the objective of minimising compulsory redundancies

Additionally, opportunities are being made available for some staff to be redeployed to alternative roles within the Council with a trial period and retraining, this being a positive outcome.

The consequential permanent job losses will, though, have a negative impact on the local community in terms of future employment opportunities with the Council.

Officers will continue to monitor the budget savings proposals to determine if amendments can be made to improve positive impacts or lessen negative impacts.

(b) Impact on the Welsh Language

The Council currently has relatively small numbers of staff with Welsh language skills. With the potential of reduced staff resources as a result of the various internal vacancy management, restructuring and continuing early retirement/voluntary redundancy proposals there is a strong possibility that the number of staff with Welsh language skills will be impacted upon. Consequently, this will impact on the Welsh language service available to the public.

Equality Impact Assessment for Budget 2018/19

However, opportunities for staff to use their language skills will continue to be promoted and training will continue to be made available.

Officers will continue to monitor the budget savings proposals to determine if amendments can be made to improve positive impacts or lessen negative impacts.

Section 4 - Other Impacts:

Please consider how the initiative might address the following issues.

You could base this on service user information, data, consultation and research or professional experience (e.g. comments and complaints).

(a) Equalities

Public Sector Equality Duty (PSED)

- to eliminate discrimination, harassment and victimisation;
- to advance equality of opportunity between different groups; and
- to foster good relations between different groups

Senior Management has undertaken a process, whereby the potential impacts of the new proposals within the Forward Financial Plan upon the general population and the various protected characteristics have been considered as part of the decision making process and an overview of the implications for each directorate has been produced. This work will continue for proposals which are still under consideration. Monitoring will also continue, to ensure any adverse impacts upon the general public, including service users, are acknowledged and acted upon appropriately.

The Council continues to be mindful of its position as employer, provider and commissioner of services and to this end strives to ensure its ability to meet its legal obligations in a climate of imposed reduced budgets.

To this end the identification of budget savings over the longer term as well as necessitating the need to work smarter has been incorporated into the Council's day to day work as well as its long term plans and strategies, both on an individual basis and in partnership.

With ever decreasing budgets it is inevitable that these will continue to have significant impact on children and young people and those most vulnerable within our communities. Consequently the Council continues to prioritise its work to protect, and where ever possible to alleviate the impact of savings on, these groups.

An assessment of the impact of the proposals that affect the Council's staff has been considered. To assist with delivering the budget savings the Council, with the support of trade unions, continues to make available an early retirement/voluntary redundancy scheme with the objective of minimising compulsory redundancies.

Equality Impact Assessment for Budget 2018/19

The consequential permanent job losses will, though, have a negative impact on the local community in terms of future employment opportunities with the Council. Some service reconfiguration and restructuring will be necessary to ensure future service sustainability.

Any completed impact assessments have been brought to the attention of Members as part of the reporting process to ensure these inform decisions and have had due regard to the Council's legal obligations.

(b) Reduce Social Exclusion and Poverty

Research studies previously conducted by Sheffield Hallam University demonstrate that areas within the county borough are disproportionately and negatively affected by the UK Government's welfare benefits changes and this continues to be the case.

Our Wellbeing Objectives aim to improve the wellbeing of children, young people and adults as well as the general wellbeing of the area by developing the local economy and environment.

Consequently, the Council continues to work in partnership to mitigate the impact of the welfare benefit changes.

The Council is conscious of the impact not only of its own actions but also those of others and continues to work in partnership to mitigate the impact of the UK Government's welfare benefit changes on those with the lowest incomes. This has been compounded with the anticipated withdrawal of communities first funding for those communities considered to be the most deprived on the County Borough. The impacts will vary enormously but several of the changes are likely to impact simultaneously on the same households and/or individuals, having a significant impact on many residents within the County Borough.

(c) Community Cohesion

Is the initiative likely to have an impact on Community Cohesion?

Whilst it is unlikely that the budget saving proposals will in themselves have significant impact on community cohesion in the short term there is a likelihood that long term impacts could be possible with changes to services.

Community Cohesion will continue to be monitored locally to ensure any issues are addressed at the earliest opportunity.

Section 5 Consultation

What consultation and engagement has been undertaken (e.g. with the public and/or members of protected groups) to support the views in section 3 and 4?

A wide range of engagement and consultation activities have taken place between 8th November 2017 and 15th January 2018 to help inform the 2018/19 budget setting process, as follows:

- Overarching public consultation
- Internal consultation with Neath Port Talbot County Borough Council staff
- Social media usage
- Stakeholder consultation

Further detailed information on the consultation arrangements for the draft budget is attached as an appendix to the Budget 2018/19 report.

A public consultation exercise took place on the Council's draft budget proposals and the responses will inform the preparation of the Council's budget for 2018/19.

In addition a number of specific budget proposals have also been subject to public consultation and those responses have informed the individual equality impact assessments. All proposals, along with equality impact assessments where relevant, have been reported to Members for consideration.

Section 6 – Post Consultation

The public consultation did not differentiate between those proposals identified in previous years and the new proposals being consulted on for the first time this year. As a result, responses were received in relation to all proposals and are considered here.

Responses relating to individual proposals have been referred to the relevant service areas for consideration as part of their specific individual consultation and assessment activities.

A total of 303 completed questionnaires were received during the public consultation period. Of these 301 (99.34%) were completed in English and 2 (0.66%) in Welsh. 252 (83.16%) of the responses were submitted online, with 51 (16.83%) paper questionnaires received.

Of all respondents completing the equalities questions:

- 56.11% of respondents were women
- 88.12% of respondents were from a White British background
- 71.29% of respondents identified as being Welsh
- 11.88% of respondents considered they had a disability
- 44.55% of respondents stated they were Christian while 31.68% stated

Equality Impact Assessment for Budget 2018/19

having no religion

- 55.78% of respondents had little or no knowledge of Welsh while 7.59% were fluent/fairly fluent Welsh speakers

222 (73.27%) of respondents disagreed with some or all of the proposals. The main themes were:

- Parking proposals across the Authority with Pontardawe, Gnoll Park and Afan Forest
- Reduction in subsidies for Pontardawe Art Centre and Cefn Coed Colliery Museum

Impacts were identified by respondents that reflected those highlighted in the initial stages of the assessment, i.e. the negative impact on children and young people, older people, disabled people in respect of individual proposals as well as the negative impact due to the cumulative effect of some proposals, for example, the impact on children and young people due to a reduction in youth service and music service budgets, along with the potentially higher costs to access outdoor education at Margam, arts and cultural budget savings.

Respondents 84 (27.72%) took the opportunity to suggest services to stop which included Welsh Language translation, due to the fact that a tiny percentage of the County Borough speak Welsh fluently, also producing items in proportion to the enormous cost associated with the Welsh language.

Following the period of public consultation further consideration of the draft proposals has been undertaken. As a consequence the council tax increase has been reduced to 3.7 % from a proposed 4.5% and, along with consideration of the comments received by respondents, the Council has amended various budget saving proposals which, while not transforming the impact into a positive, has at least lessened the negative impact. These amendments address some of the proposals disagreed with by respondents (above):

ELLL 716 – Tir Morfa Education Centre – savings of £76k withdrawn

ELLL 802 – Celtic Leisure - savings reduced from £100k to £50k

ELLL 810 – Cefn Coed Museum - savings reduced from £10k to £5k

ENV 801 - Car Parking - savings reduced from £200k to £175k - no longer pursuing the withdrawal of free Christmas parking. In addition it is proposed to:

- retain the first hour free parking at Pontardawe
- charge £3.50 at the Gnoll Country Park

Increased contribution from Margam Crematorium Joint Committee by £5k to £55k

An additional provision of £1m has been seaside in the pay and pension contingency budget to fund the pay award offer for the lower paid that exceeds the previously provided 2% included in the draft budget.

Section 7 - Monitoring arrangements:

Monitoring will also continue, to ensure any adverse impacts upon the general public, including service users, are acknowledged and acted upon appropriately.

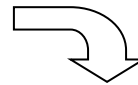
Section 8 – Outcomes:

Outcome 1: Continue the initiative...

Outcome 2: Adjust the initiative...

Outcome 3: Justify the initiative...

Outcome 4: Stop and remove the initiative...



For outcome 3, detail the justification for proceeding here

The Council has enhanced its consultation with the specific intention of testing the budget proposals on the widest range of people and organisations.

A process has been undertaken whereby the potential impacts of the various budget proposals upon the general population and the various protected characteristics have been considered as part of the decision making process. This work will continue for proposals which are still under consideration and monitoring will also continue, to ensure any adverse impacts upon citizens are acknowledged and acted upon appropriately.

It is not always possible to mitigate adverse impacts totally for the whole population or protected characteristics. However, the budget proposals seek to take into account what is proportionate for the population, including the protected characteristics.

CONSULTATION SUMMARY

OVERARCHING CONSULTATION ON COUNCIL'S BUDGET SETTING PROCESS 2018/19

1.0 **Background**

- 1.1 On 8th November 2017, Cabinet authorised officers to consult members of the public and other stakeholders on 90 proposals for budget savings and generating additional income. The report highlighted the need to make cuts of more than £10.2m for 2018/19 and an estimated £65 million of cuts to be made by 2023.

2.0 **Introduction**

- 2.1 A range of engagement and consultation activities have taken place in order to help inform the 2018-19 budget setting process, as follows:
- Overarching public consultation
 - Internal consultation with Neath Port Talbot County Borough Council staff
 - Stakeholder consultation
 - Formal written responses

3.0 **Consultation objectives**

- To provide a mechanism for people to contribute their views to the budget setting process
- To find out if people agree or disagree with the proposals and the reasons
- To provide a mechanism for people to make comments and suggestions linked to specific proposals
- To provide a mechanism for people to suggest alternative proposals for saving money to those already outlined by the Council
- To ensure that the consultation was available to as many residents and organisations as possible

4.0 **Overarching public consultation – Methodology**

- 4.1 To help ensure that the consultation was as widely available as possible, there were 4 mechanisms by which people could submit their views:
- **Online** - a self-completion questionnaire was published on the Council's website. 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 Wednesday 8th November 2017 until midnight on Monday 15th January 2018.
 - **Paper Questionnaires in public buildings** - consultation packs were made available in 37 public buildings across the county borough. These included the One Stop Shops in Neath and Port Talbot, Community Centres and all Council run and community libraries, amongst others. The

CONSULTATION SUMMARY

consultation packs included a supply of self-completion questionnaires, a post box for completed questionnaires, a poster and a copy of the report to Cabinet dated 8th November 2017, which outlined the proposals. The questionnaire was a replica of the online version and responses were entered into 'SNAP' (our online consultation software package) for analysis.

- **Email** - The email address nptbudget@npt.gov.uk was promoted for people who wanted to respond via this mechanism.
- **Corporate social media accounts** – the Council's corporate Facebook and Twitter accounts were also monitored for feedback on the draft budget proposals.

4.2 The consultation was promoted via:

- The Council website homepage – via the 'top tasks' and 'top visited' areas and a dedicated web page
- Adverts/posters on TV screens in the Quays, Neath Civic Centre, Port Talbot Civic Centre and Neath and Port Talbot Bus Stations
- Posters in notice boards at Neath Civic Centre, Port Talbot Civic Centre, The Quays, libraries, community centres and other public buildings
- The Council's corporate social media accounts
- The Council's corporate staff newsletter 'In the Loop'. The purpose of this was to encourage staff to give their views and as an additional way to raise awareness of the consultation amongst residents as a significant number of staff live in the county borough
- Press coverage generated by cabinet reports and press releases
- Details of the consultation were also promoted via Community Voluntary Service and Carers Service Newsletters and webpages

5.0 Overarching Public Consultation – Responses

A total of 303 completed questionnaires were received during the consultation period. Of these 301 (99.34%) were completed in English and 2 (0.66%) in Welsh. 252 (83.16%) of the responses were submitted online, with 51 (16.83%) paper questionnaires received.

The following provides a summary of the feedback from the questionnaire responses. All percentages shown in this section are relative to the total number of completed questionnaires (303). A more detailed Annex (1) to the report has been provided to members for review in the members' room.

5.1 About the respondents

Of the 303 responses:

- 251 (82.84%) stated that they are a resident of Neath Port Talbot

CONSULTATION SUMMARY

- 129 (42.57%) stated that they use services provided Neath Port Talbot Council
- 76 (25.08%) stated that they work in Neath Port Talbot
- 34 (11.22%) stated that they work for Neath Port Talbot Council
- 27 (8.91%) stated that they are a volunteer in Neath Port Talbot
- 25 (8.25%) stated that they run a business in Neath Port Talbot
- 15 (4.95%) stated that they are a carer
- 11 (3.63%) stated that they work for a third sector or voluntary organisation in Neath Port Talbot
- 11 (3.63%) stated other reasons for being interested in the Council's budget setting process

(NB. for this question respondents were asked to select all of the categories that applied to them, some selected more than one answer, therefore the percentages in brackets total more than 100%).

Geographically, the highest number of responses 94 (31.02%) were from the Neath area, followed by 71 (23.43%) from the Swansea Valley, 31 (10.23%) from Port Talbot, 15 (4.95%) from the Afan Valley, 7 (2.31%) from the Neath Valley, 3 (0.99%) from the Amman Valley and 1 (0.33%) from the Dulais Valley. 14 (4.62%) respondents indicated that they were from outside of the county borough.

The highest number of respondents 81 (26.73%) were in the 40-49 years age group, 73 (24.09%) were aged 30-39 years, 55 (18.15%) were aged 50-59 years, 42 (13.86%) were aged 60-74 years, 21 (6.93%) were aged 25-29 years, 6 (1.98%) were aged 17-24 years, 3 (0.99%) were aged 75-85 years, 1 (0.33%) was aged 86+ and 1 (0.33%) was under 16. In addition, 8 (2.64%) indicated that they would prefer not to say their age and 12 (3.96%) did not answer this question.

5.2 How respondents feel about the proposals

9 (2.97%) respondents indicated that they agree with all of the proposals, 36 (11.88%) agree with some of them, 48 (15.84%) neither agree nor disagree with them, 186 (61.39%) disagree with some of them and 36 (11.88%) disagree with all of them.

(nb. for this question some respondents chose to select more than one answer, e.g. to indicate that they agree with some proposals and disagree with some proposals, therefore the percentages in brackets total more than 100%).

5.3 The top themes relating to proposals that respondents agree and disagree with are outlined below:

222 (73.27%) respondents indicated that they disagree with some or all of the proposals. The most common themes were:

CONSULTATION SUMMARY

- Proposals to discontinue to one hour free parking in Pontardawe and increase parking charges - 40 (13.20%)
- Reduction in subsidy for Cefn Coed Colliery Museum - 28 (9.24%)
- Reduction in subsidy for Pontardawe Art Centre - 12 (3.96%)
- Proposals to standardise parking charges across the county borough - 5 (1.65%)
- Proposals to increase parking charges at Gnoll Country Park - 5 (1.65%)

45 (14.85%) respondents indicated that they agree with some or all of the proposals. The most common themes were:

- Proposals relating to staff savings in various services – 9 (2.97%)

6.0 Suggestions for saving money

6.1 158 (52.15%) respondents took the opportunity to suggest how the Council could do things differently to save money. The most common themes were:

- Savings suggestions linked to reducing the number of council staff/reducing pay - 25 (8.25%)
- Reduce bureaucracy, use resources more wisely, cross boundary working, outsource some services - 22 (7.26%)
- Look at generating more income rather than making cuts – 21 (6.93)
- Review expenditure associated with and number of councillors (including the mayor) - 19 (6.27%)

6.2 Respondents were asked to specify any services that they felt the Council should protect, reduce or stop altogether.

- **Protect:** 193 (63.70%) respondents suggested services that the Council should protect. The most common themes were:
 - Libraries - 20 (6.60%)
 - Cefn Coed Colliery Museum/museums - 16 (5.28%)
 - Social Services - 15 (4.95%)
 - Art, culture, museums - 15 (4.95%)
 - Pontardawe Arts Centre - 14 (4.62%)
 - Parking in Pontardawe - 11 (3.63%)
 - Education/schools - 10 (3.30%)
 - Refuse/recycling/civic amenity sites/street cleaning - 9 (2.97%)
- **Reduce:** 100 (33.00%) respondents suggested services that the Council should reduce. The most common themes were:
 - Reduce number of council staff, staff wages - 25 (8.25%)
 - Reduce bureaucracy/duplication/waste/inefficiency/mistakes - 10 (3.30%)
 - Reduce the number of Councillors / costs associated with councillors (including the mayor) - 14 (4.62%)
 - Reduce parking rates/charges - 7 (2.31%)

CONSULTATION SUMMARY

- **Stop altogether:** 83 (27.72%) respondents suggested services that the Council should stop altogether. The most common themes were:
 - The mayoralty / costs associated with the mayoralty - 9 (2.97%)
 - Costs associated with councillors - 8 (2.64%)
 - Parking charges / increases to parking charges - 8 (2.64%)
 - Subsidising art and cultural facilities (including Cefn Coed Colliery Museum) - 5 (1.65%)
 - Spend on bilingual / Welsh language provision - 4 (1.32%)

6.3 **Car Parking** – The proposals that elicited the highest response, 84 (27.72%) from the public consultation were those relating to car parking charges.

7.0 Social Media and Email Responses

7.1 There were a number of concerns raised via Social Media on the proposed Council tax increase.

7.2 4 email responses were received. In summary, these raised concerns about the proposed increases to parking charges across the Authority (mainly for Gnoll Park and Pontardawe), and disagreed with the proposal to reduce the subsidy to Pontardawe Arts Centre.

8.0 Internal Consultation

8.1 From 10th January 2018 to 12th January 2018 a number of engagement and consultation activities were organised for Council staff to help inform them of the budget setting process. These included:

- The Chief Executive held four staff engagement sessions to discuss the budget planning process. These were held in the three main civic buildings in January 2018. A total of 228 staff attended. Quays 139, Port Talbot 67, Neath 24
- Between 8th November 2017 and 15th January 2018 a total of 6 questions were submitted via an intranet 'post a question' facility, which have been passed onto the income generation group. Suggestions included:
 - Review of charging for bulk collections
 - Review of staff Car Parking to include schools and other venues
 - Social Enterprise
 - Explore Commercial Opportunities i.e. outsourcing catering opportunities within the Borough
 - Review the use of Pool Cars
 - Review of recycling bags i.e. Garden waste can we charge for this
- Post a question boxes, along with copies of relevant Cabinet reports and the intranet FAQs, were also placed in 6 Council buildings so that staff without access to the intranet could take part in the consultation 3 (1%) responses were received via these

CONSULTATION SUMMARY

- 8.2 The key themes from the questions and comments at the staff engagement sessions included:
- The proposed changes to the senior management structure within IT and Housing
 - The Workforce Agreement and the proposed 2% increase to staff
 - The need to find future budget savings
 - Suggestions for working more closely between Health and Social Services to deliver certain service provision

9.0 Consultation with other stakeholders

- 9.1 To ensure that the consultation was accessible to as many stakeholders as possible, it was raised as an agenda item at a number of Council meetings, forums and groups, including:
- NPTCBC Staff Council – Budget update, 6th November 2017
 - Policy and Resources Scrutiny Committee, 20th November 2017
 - Education Skills and Culture Scrutiny Committee, 24th November 2017
 - Social Care Health and Wellbeing Scrutiny Committee, 24th November 2017 and 5th January 2018
 - Regeneration and Sustainable Development Scrutiny Committee, 27th November 2017
 - NPT Older Person's Council, 30th November 2017 and 15th December 2017
 - Town and Community Council Liaison Forum, 31st October 2017
 - Voluntary Sector Liaison Forum, 8th January 2018
 - Briton Ferry Health and Well-being group, 8th January 2018

10.0 Formal Responses

- 10.1 Eight formal response were received from groups and organisations. A summary of each formal response is as follows:
- **Cyngor Cymuned CILYBEBYLL Community Council**
 - Opposed to the proposal to reduce the budget of Pontardawe Arts Centre
 - Concerned at the impact on businesses of increasing car parking charges to shoppers
 - **Neath Port Talbot Council for Voluntary Service** - understand the pressures and the difficult decisions that have to be made, but feel that there are a number of proposals which are likely to have an adverse impact on communities and the Third Sector in Neath Port Talbot, these include:
 - Pontardawe Arts Centre subsidy reduction: likely impact on the community.
 - Gwyn Hall and Celtic Leisure subsidy reduction: may have a direct impact on the services the community can access and on wellbeing.

CONSULTATION SUMMARY

- Withdrawing match support for Disability Sports Coordinator's post: potential to affect some of the most vulnerable in our communities, making them more isolated and impacting negatively on wellbeing.
- Tir Morfa Education Centre – unclear what the impact will be on adult education.
- Youth service efficiencies: concerns that this may have unintended outcomes, increasing pressures on other services. Voluntary youth services are growing, but there is still a need for statutory provision.
- Cefn Coed Museum subsidy reduction: likely impact on the community
- CYP budget efficiency savings: unclear who this will impact on. The description suggests children and young people, whereas the impact refers to young people only. Concerned that this may have unintended outcomes and increase pressures on other services.
- Direct payments: can provide choice and control for some individuals, but are not suitable for everyone. Should not be the default position.
- There is a need for a common understanding around the Asset Based Approach, and whilst there may be cost savings for the Local Authority, these costs may be displaced to others.
- Whilst recognising the savings linked to reducing Looked After Children, Learning Disability Services reconfiguration and right sizing of Domiciliary Care packages are modest, and there is the potential that services may improve as a result of remodelling and changes to packages, the individual and the impact on them, and their family, must not be forgotten. Any communication around changes must be clear and easy to understand, and be agreed and implemented in partnership with the service user.
- Mental health placements: Whilst CVS would welcome the move to provide services in communities, the implications of this need to be fully considered and fully costed, in partnership with providers.
- Internal Homecare review: opportunity to think beyond the traditional model and consider other models of homecare, including social enterprise. Recognise the complexity of providing homecare, but this should not inhibit other models of provision being explored.
- Council Tax Support – concern that this will affect the most vulnerable. Universal Credit does not remind individuals to claim Council tax support which may mask the need for such support
- **Neath Inspired**
 - Agree with introduction of Virtual Permits and that the income from the permit scheme be invested in paying off the initial expenditure for the introduction of a mobile CCTV enforcement vehicle, but think that future surpluses should be used to keep parking charges down not for new civil enforcement officers.
 - Disagree with increases in parking charges - availability and location of parking priced at acceptable levels is always in the top 3 key ingredients affecting the perception of a town centre
- **NPT Older Persons Council**
 - Suggestions on how to increase responses to the consultation

CONSULTATION SUMMARY

- Request that Council considers increasing the provision in the Third Sector Funding scheme
- Suggestion that even stricter monitoring and scrutiny would be a way of ensuring efficiency within council services
- Urge council not to proceed with this further cuts to music service
- Agree that Home to School transport provision requires review and makes suggestions for a new approach to this provision
- Recommend proceeding with caution and close monitoring of any reconfiguration to Learning Disabilities services
- Recommend proceeding with caution on Internal homecare review and hope to see further consultation before changes are made
- Suggest that as part of the car parking charge review, the time limit under the increased charges for holder of Blue Badges should be extended as residents with qualifying disabilities may take a longer time to make their visit
- Acknowledge the efficiency benefits of the Digital by Choice Strategy, but would urge the Council to ensure that services and information remain universally available to those without internet access
- **Pontardawe Chamber of Trade and Commerce**
 - Not completely opposed to increasing parking charges, but the free first hour parking in Pontardawe should be protected
 - Pontardawe Arts Centre is a very important amenity for the area, one which the Pontardawe Chamber of Trade and Commerce hopes can continue into the future
- **Pontardawe Town Council**
 - Concerned about the proposed cuts to Pontardawe Arts Centre
 - Concerns over the effects of cuts on the leisure provision in the area (Leisure Centre and Swimming pool)
 - Not against increased parking charges, but these should be phased in and the free first hour parking in Pontardawe should remain
- **Unison**
 - Disagrees with - any reduction in funding to Pontardawe Arts centre, Gwyn Hall or Cefn Coed Museum; 5% efficiencies on core budget of Youth Service; School cleaning full cost recovery;
 - Opposed to - staff reduction and deletion of posts (CORP801 Financial services proposal, CORP806 Health & safety Staff reductions, CORP807 HR – Staff reductions, CORP810 Community Safety, ENV805 Planning, ENV804)
 - Concerned that – the Asset Based Approach (does not think it will be sustainable); the proposal to seek “community based services” for Mental Health placements; that implementing further digital and self – serve initiatives could disadvantage the more vulnerable in our communities with the added impact of community provisions closing makes a digital self-service provision inaccessible to them; 5% efficiency on CYP core budget costs will have a detrimental effect on staff, young people and may also put pressure on other council services; potential for reduction in the number of looked after children to lead to safeguarding problems; waste disposal proposals will lead

CONSULTATION SUMMARY

to UNISON is concerned with potential job losses and a reduced service to the public.

- Agrees with - reduction in subsidy to Celtic Leisure Contract; proposals around Beaufort House;
- Suggestions - examining Collaboration with Town and Community Councils on CCTV provision; income generation for Survey team; potential for using Hillside and Beaufort House to assist with Inclusion services efficiency savings and out of county placements; securing funding from elsewhere to support Disability Sports coordinator post; Implementation of the School Catering review recommendations; Margam Park catering functions to be investigated further with appropriate qualified advice to produce an in-house plan allowing the council to gain maximum profit and still maintain control; a review of the whole community care provision; would like to explore exploring automatic referral to Occupational Health and management's role within this
- Comments on parking proposals – suggest one fixed charge for parking consistent throughout all council car parks with a permit available for all council owned car parks and country parks; believes that an increase in parking charges at Gnoll Country Park could deter visitors, but would welcome parking charges to mirror those at other country parks within the authority e.g. cease hourly charge and introduce one off charge (as per Margam Country Park)
- Comments around packages of care remaining in-house – in relation to right sizing domiciliary care packages, in-house provisions being explored before offering Direct Payments, Internal homecare review
- Request that the authority look to recover all debt owed no matter what heading this comes under (aware that Social Care debts are being written off)
- Asks how the Health Board are assisting in Reconfigure assessment and reablement beds within block contract
- **Walkthrough Neath Port Talbot**
 - Scrap the proposed cut for Cefn Coed Colliery Museum. Focus on developing income generation through increased donations (incl. online), sale of merchandise (in shop and online), and developing facilities to encourage longer, repeat visits that lead to a higher spend per visitor ratio.
 - Halt the rise in car parking charges. Work with relevant stakeholders to raise car parking revenue through increased promotion of towns and other assets, holding of special events or offers at times of below average usage, and the development and promotion of weekly or monthly parking permits that are sold via Council website.
 - Explore possibility of turning Cefn Coed Colliery Museum, Afan Forest Park Visitors Centre and Gnoll Country Park Visitors Centre into licensed wedding venues. Work with partners to create wedding packages to ensure majority of wedding spend is captured locally.

CONSULTATION SUMMARY

11.2 A full copy of each formal response has been provided to Members for review in the members' room.

12.0 Petitions

12.1 The Council received no petitions relating to the budget proposals.

13.0 Council Response to the Consultation

13.1 Following receipt of the Final Local Government Settlement and the closure of the Consultation period the following changes have been made to the original draft proposals. These have been also incorporated into the main report at paragraph 11.

13.2 The council tax increase has been reduced from a proposed 4.5% to 3.7% and, along with consideration of the comments received by respondents, the Council has amended various budget saving proposals as set out below. These amendments address some of the proposals disagreed with by respondents.

ELLL 716 – Tir Morfa Education Centre – savings of £76k withdrawn

ELLL 802 – Celtic Leisure - savings reduced from £100k to £50k

ELLL 810 – Cefn Coed Museum - savings reduced from £10k to £5k

ENV 801 - Car Parking - savings reduced from £200k to £175k - no longer pursuing the withdrawal of free Christmas parking. In addition it is proposed to:

- retain the first hour free parking at Pontardawe
- charge £3.50 at the Gnoll

OTH 801 – Increased contribution from Margam Crematorium Joint Committee by £5k to £55k

13.3 The final Budget also provides for additional investment in the following Environment services areas:

- £150k for City Deal to cover Joint Committee contribution and an increase in capacity to develop projects
- £70k for running costs of the former County Court
- £100k for the Household Waste Recycling Centres
- £95k for Jet Vac machine and crew to clear culverts and drains
- £160k to cover increased energy contract costs

13.4 Also an additional provision of £1m has been seaside in the pay and pension contingency budget to fund the pay award offer for the lower paid that exceeds the previously provided 2% included in the draft budget.

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

20th FEBRUARY 2018

REPORT OF THE HEAD OF FINANCIAL SERVICES

DAVE REES

MATTER FOR DECISION

WARDS AFFECTED: ALL

CAPITAL PROGRAMME 2018/19 TO 2020/21

Purpose of report

1. The purpose of this report is to set out the capital programme for 2018/19 to 2020/21.

Background

2. Updated Capital Programme for 2017/18

The original capital programme totalled £59.273m, the updated programme for 2017/18 currently stands at £75.513m with the major variations being:

- A budget increase of £10m which represents the capital contribution required as a result of the re-negotiated residential care contract with Pobl Group/Gwalia.
- A grant award of £617k from the Welsh Government's Local Transport Network Fund (LTNF) which will enable the continuation of bus corridor improvements.
- Re-profiled expenditure in relation to the Vehicle Renewals fund programme resulting in an increase in expenditure of £817k this financial year.

- Additional grant funding towards Energy Efficiency Works (477k), Rapid Adaptation and Independent Living Grants (£260k and £177k).
- The Welsh Government has recently announced a new specific grant for Highways improvements. Of the £1.129m made available for this Council £360k will be invested this year to improve Fabian Way with the balance of £769k made next year in 2018-19.

3. **2018/19 Welsh Government All Wales Capital Settlement**

The total Capital Settlement on an all Wales basis has increased by £49m to £413.492m. The un-hypothecated element of the Capital Settlement for All Wales has remained static at £142.837m.

4. **General Capital Funding**

Neath Port Talbot's share of this funding has reduced by £6k from £7.131m to £7.125m with £2.695m paid as a capital grant and the remaining £4.430m treated as supported borrowing with an allowance included in the revenue settlement to pay for the debt charges.

The Welsh Government's budget contains a three year forward estimate for general capital funding with the quantum being maintained at the current level of £142.837m. It is proposed that we plan on the basis that Neath Port Talbot's share of the quantum will remain at the current level.

The following table sets out the amount of funding available to the Council to distribute to capital projects. In addition to the funding provided by the WG there is also an assumption included as to the amount of money which will be made available as a result of the sale of council assets (capital receipts).

The Council has also built into its revenue budget funding to support £2m per annum of prudential borrowing recognising the importance of continued capital investment within the County Borough.

Projected Capital Programme Funding

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
WG Funding	7,131	7,125	7,125	7,125
Capital Receipts	1,300	1,300	1,300	1,300
Prudential Borrowing	2,000	2,000	2,000	2,000
Total	10,431	10,425	10,425	10,425

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

Budget Allocations

Service	2017/18 £'000	2018/19 £'000	2019/20 Indicative £'000	2020/21 Indicative £'000
Education	1,100	1,100	1,100	1,100
Leisure	150	150	150	150
Highways and Engineering Maintenance	1,625	1,625	1,625	1,625
Additional Engineering Projects	500	495	500	
Neighbourhood Improvements	150	150	150	150
Pavilions	100	100	100	100
Regeneration	2,275	2,275	2,275	2,275
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
Contingency	381	380	375	875
Sub – Total	10,431	10,425	10,425	10,425

Members should note that for 2019/20 and 2020/21 the allocations to service areas are indicative only and subject to confirmation each year.

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 enhance transport, bridges and other structures. The allocation for additional engineering projects includes major bridge strengthening and landslip safety work.

The largest budget continues to be Disabled Facilities Grants to enable people to live independently in their own homes with over £50m being invested by the Council in the last fifteen years.

5. **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.

6. **Major Investment Initiatives**

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

Strategic School Improvement Programme (SSIP)

This Capital Programme will see the completion of Band A of the Council's 21st Century Strategic School Improvement Programme. The programme will have delivered approximately £123m of investment into the School estate between 2014 and 2019 with the Welsh Government providing £61m of the funding and the balance being funded by the Council.

September 2016 saw the opening of the new £40m Ysgol Bae Baglan a new "all through" 3-16 Comprehensive School at Western Avenue Baglan Bay. The School was judged the UK's 'Building Project of the Year' at the 2017 Constructing Excellence Awards having already been awarded the title of 'Best Educational Building' at the grand finals of the 2017 Local Authority Building Control (LABC) Building Excellence Awards. Earlier in the year it also won the prestigious Gold Medal for Architecture at the National Eisteddfod of Wales 2017.

The programme also includes the following major investments which will help the Council deliver on its aspiration to deliver 21st Century Education:

- Construction of a new 3-16 School in Margam to replace the Lower and Upper sites of Dyffryn Comprehensive as well as Groes Primary School (Ysgol Newydd Margam) with a budget of £30m.
- Continuation of the construction and re-modelling works at the Welsh Medium 3-18 North Campus site in Ystalyfera (Ysgol Gymraeg Ystalyfera). Also, commencement of the new Welsh Medium 11-16 South Campus (Ysgol Gymraeg Bro Dur) on the site of the former Sandfields Comprehensive School.
- Construction of a £7.6m new primary school in Briton Ferry, 'Ysgol Newydd Briton Ferry', on the site of the former Cwrt Sart Comprehensive School. The project will see three primary schools (Brynhyfryd, Llansawel and Ynysmaerdy) with significant surplus capacity and backlog maintenance issues close and be replaced by a new 21st Century school.

County Borough Regeneration

The Authority has completed the first phase of the regeneration of Neath Town Centre. The next phase will include the construction

of 8 retail units providing 37,000 square foot of retail space. Project details are currently being developed.

The regeneration of Port Talbot town centre continues with the refurbishment of Aberafan House and the re-development of the former Glanafan School site. Investment which is being delivered by Social Housing providers facilitated by the Council's ability to draw down funding from the Welsh Government's Viable and Vibrant Places (VVP) programme.

The Council has been successful with a funding application to the Welsh European Funding Office (WEFO) to progress with the development of the Harbourside area of Port Talbot. The total project cost is £5.3m of which £3.5m will be funded through European Grant with the match funding coming from existing resources earmarked within the regeneration programme.

The development will include the construction of a road transport network and establish new employment sites to act as a catalyst for economic and physical regeneration in the former industrial area.

In addition to the regeneration of Neath and Port Talbot projects are being delivered in the rest of the County Borough including many Valley communities.

Major Bridge Strengthening

The Council is continuing to invest in major bridge strengthening work. The programme includes the completion of work to Alltwn Hill Bridge from Alltwn to Pontardawe. Also included is £1m to strengthen the A474 Vale of Neath Bridge between the A465 Saltings roundabout and the Neath Abbey Court Herbert roundabout

Highways Infrastructure Investment

The Welsh Government has allocated the Council £1.129m late in 2017/18 for investment in Highways Infrastructure. The grant conditions allow the Council to displace its own funding in the current year as long as the funding is then invested in Highway projects during 2018/19. Of this £1.129m it is projected that £0.360m will be spent on refurbishing Fabian Way in 2017/18 with the balance invested in other projects in 2018/19. This has been reflected in the programme appended to this report.

7. 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 including schemes being developed as part of the City Deal programme, 21st Century Schools and landslips in particular. 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.

8. 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 in these austere times the Council will invest £44m in 2018/19 and when additional external funding from 21st Century Schools, City Deal, European and other sources are included it is projected that the total investment over the next three years will be circa £120m+. Details of the individual projects being delivered can be found in Appendix 1 of this report.

9. 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.

10. **Equality Impact Assessment**

There is no requirement for an equality impact assessment for this report.

11. **Workforce Impacts**

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

12. **Legal Impacts**

There are no legal impacts arising from this report.

13. **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

14. **Consultation**

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

15. **Recommendations**

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

- The Capital Programme for 2018/19 to 2020/21 as detailed in Appendix 1 to this report.

- That the Programme be kept under review and updated over the coming year.

16. Reasons for proposed decision

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

17. Implementation of decision

The decision is proposed for immediate implementation.

18. Appendices

Capital Programme 2018/19 to 2020/21.

19. List of background papers

Local Government Settlement 2018/19
Capital Programme Working Papers

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Appendix 1

Capital Programme - 2018/19 to 2020/21															
	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21		
	Funded by			Funded by			Funded by			Funded by			Funded by		
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service															
Education, Leisure and Lifelong Learning	42,210	17,655	24,555	39,750	14,982	24,768	21,326	12,430	8,896	2,050	2,050		1,250	1,250	
Environment	12,892	10,353	2,539	20,406	13,262	7,144	17,898	14,556	3,342	7,364	7,364		5,600	5,600	
Social Services, Health and Housing	3,150	3,150		14,141	13,213	928	3,364	3,364		3,150	3,150		3,150	3,150	
Corporate Services	640	640		760	760		640	640		640	640		640	640	
Contingency	381	381		456	456		380	380		375	375		875	875	
Total	59,273	32,179	27,094	75,513	42,673	32,840	43,608	31,370	12,238	13,579	13,579	0	11,515	11,515	0
Funded by															
WG - General Capital Grant	2,698	2,698		2,698	2,698		2,695	2,695		2,695	2,695		2,695	2,695	
WG - Supported Borrowing	4,433	4,433		4,433	4,433		4,430	4,430		4,430	4,430		4,430	4,430	
Capital Receipts	1,300	1,300		531	531		2,069	2,069		1,300	1,300		1,300	1,300	
Prudential Borrowing	22,027	22,027		36,898	30,871	6,027	19,467	19,467		2,035	2,035		3,090	3,090	
Specific Reserves / Revenue	1,721	1,721		4,140	4,140		2,709	2,709		3,119	3,119				
External Grants and Private Investment	27,094		27,094	26,813		26,813	12,238		12,238	0		0			
Total	59,273	32,179	27,094	75,513	42,673	32,840	43,608	31,370	12,238	13,579	13,579	0	11,515	11,515	0

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			Project Total £'000
	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>Education, Leisure and Lifelong Learning</u>																
Capital Maintenance	1,100	1,100		1,083	1,083		1,100	1,100		1,100	1,100		1,100	1,100		
Strategic School Improvement																
Ysgol Bae Baglan	1,339	1,339		1	1											
Ysgol Gymraeg Ystalyfera (Welsh Medium North Campus)	4,497	2,817	1,680	4,025	2,345	1,680	217	217								18,053
Ysgol Newydd Briton Ferry	5,210	1,835	3,375	5,385	2,010	3,375	2,000	2,000		100	100					7,559
Ysgol Newydd Margam	19,418	6,418	13,000	16,000	3,000	13,000	12,549	6,468	6,081	450	450					30,414
Ysgol Gymraeg Bro Dur (Welsh Medium South Campus)	10,196	3,696	6,500	12,439	5,939	6,500	5,000	2,313	2,687	250	250					19,400
Ysgol Bae Baglan - Cleaning Equipment				5	5											
Additional Special Needs Provision				150	150		150	150								
Childcare Facilities - Gnoll Primary and Cymmer Afan Primary (Flying Start Funded)				213		213										
Leisure Investment	150	150		150	150		150	150		150	150		150	150		
Margam Park Drainage Works	300	300		299	299											
Margam Park All Weather Car Parking Spaces							160	32	128							
Total	42,210	17,655	24,555	39,750	14,982	24,768	21,326	12,430	8,896	2,050	2,050	0	1,250	1,250	0	

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			Project Total £'000
	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>Environment</u>																
Highways and Engineering Maintenance	1,625	1,625		2,098	1,211	887	1,625	1,625		1,625	1,625		1,625	1,625		
Highways Infrastructure Investment				360		360	769	769								
PDR Land compensation claims				500		500										
Safe Routes / Road Safety Grant				832		832										
Bus Routes and Cycle Ways				847		847										
Integrated Transport Hub	2,539		2,539	2,539	200	2,339										5,316
Transport Corridor Improvements				617		617										
<u>Major Bridge Strengthening</u>																
Bont Fawr Aqueduct				242	242											650
Alltwen Hill	715	715		864	864											900
A474 Vale of Neath Bridge	200	200		53	53		350	350		500	500					1,050
Bryn Road - Embankment Failure Retaining edge protection - Afan Valley	360	360		300	300											
Cwmafafan Road Retaining Wall	200	200		200	200											
Craig y Fan Terrace - Retaining Wall	75	75		75	75											
Tawe Terrace Refurbishment				47	47											
Gnoll Lower Dam				22	22											
Victoria Gardens Neath - Repairs				50	50											
Pontneddfechan Waterfall - Off road parking				134	40	94										
<u>Flood and Coastal Risk Projects</u>																
Design Work				211	31	180										
Match Funding Commitment							1,300	1,300		450	450		450	450		

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			Project Total £'000
	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	
Neighbourhood Improvements	150	150		205	205		150	150		150	150		150	150		
Pavilions	100	100		199	199		100	100		100	100		100	100		
Disability Access	150	150		251	251		150	150		150	150		150	150		
Health and Safety	850	850		1,080	1,080		850	850		850	850		850	850		
Street Lighting	1,650	1,650		1,851	1,851											
Vehicle Replacement Programme	1,596	1,596		2,413	2,413		1,463	1,463		1,119	1,119					
Recycling collection vehicles				106		106										
Panteg - Remediation Works	150	150		190	190		145	145		145	145					
Baglan Innovation Centre - Roofing Works				129	129											
Regeneration																
Neath Town Centre Redevelopment	2,000	2,000		100	100		5,900	5,900		2,000	2,000					8,000
Harbourside Strategic Employment Sites				199	71	128	5,096	1,754	3,342							5,323
Former Crown Foods Site Acquisition				2,050	2,050											
Other Regeneration Projects	532	532		1,593	1,339	254				275	275		2,275	2,275		
Total	12,892	10,353	2,539	20,406	13,262	7,144	17,898	14,556	3,342	7,364	7,364	0	5,600	5,600	0	

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			Project Total £'000
	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	
Social Services, Health and Housing																
Capital Maintenance	150	150		150	150		364	364		150	150		150	150		
Residential Care Home Contribution				10,000	10,000											
Disabled Facilities Grants	3,000	3,000		3,063	3,063		3,000	3,000		3,000	3,000		3,000	3,000		
Housing Energy Efficiency Projects				477		477										
ENABLE - Support for Independent Living [WG funded]				177		177										
<u>Integrated Care Fund (ICF) Projects</u>																
Rapid Adaptations Grant				260		260										
Assistive Technology Kits				14		14										
Total	3,150	3,150	0	14,141	13,213	928	3,364	3,364	0	3,150	3,150	0	3,150	3,150	0	

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			Project Total £'000
	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	
Other																
Schools and Vehicle Fleet - Asset Financing	640	640		640	640		640	640		640	640		640	640		
CCTV Replacement				75	75											
Port Talbot Civic Accommodation Works				45	45											
Contingency	381	381		456	456		380	380		375	375		875	875		
Grand Total	59,273	32,179	27,094	75,513	42,673	32,840	43,608	31,370	12,238	13,579	13,579	0	11,515	11,515	0	

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Neath Port Talbot County Borough Council

CABINET

Report of the Director of Finance and Corporate Services

20th February 2018

SECTION A – MATTERS FOR DECISION

WARDS AFFECTED: ALL

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

1. Purpose of Report

1.1 This report sets out the Council's Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy for 2018/19.

1.2 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”.

2. Introduction

2.1 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

2.2 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.

3. Reporting Requirements

3.1 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.

3.2 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).

3.3 A Mid Year Treasury Management Report (prepared after 1st 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.

3.4 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 30th September of the following financial year.

3.5 Scrutiny Arrangements

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.

4. **Capital Strategy**

4.1 In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019-20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following: -

- 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
- the implications for future financial sustainability

The aim of that report will be to ensure that Members understand the overall strategy, governance procedures and risk appetite entailed by capital investment and spend.

5. **Treasury Management Strategy for 2018/19**

5.1 The strategy for 2018/19 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.

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

6. **Capital Prudential Indicators**

6.1 **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:

	2016/17 Actual £'000	2017/18 Revised Estimate £'000	2018/19 Original Estimate £'000	2019/20 Original Estimate £'000	2020/21 Original Estimate £'000
Capital expenditure	53,758	75,513	43,608	13,579	11,515
<u>Resourced by:</u>					
Capital receipts	1,412	531	2,069	1,300	1,300
Grants & contributions	19,870	29,511	14,933	2,695	2,695
Reserves + DRF *	2,441	4,140	2,709	3,119	
Borrowing	30,035	41,331	23,897	6,465	7,520

NB * DRF means Direct Revenue Funding

6.2 **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 its 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:

CFR	2016/17 Actual £'000	2017/18 Revised Estimate £'000	2018/19 Original Estimate £'000	2019/20 Original Estimate £'000	2020/21 Original Estimate £'000
Opening Balance	270,244	292,826	325,978	341,000	337,648
Add: Expenditure funded by borrowing	30,035	41,331	23,897	6,465	7,520
Less: Minimum Revenue Provision (MRP)	(7,453)	(8,179)	(8,875)	(9,817)	(9,929)
Closing Balance	292,826	325,978	341,000	337,648	335,239

7. Treasury Management Prudential Indicators

7.1 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.

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.

7.2 The Council's treasury portfolio position at 31st March 2017 comprised:

Table 1	Principal	
<u>Borrowing</u>	£m	£m
Fixed rate funding	PWLB 174,713	
	Market 75,427	
	Other 0	
	250,140	
Variable rate funding	0	
	250,140	
Other long term liabilities		0
<u>Gross Debt</u>		250,140
<u>Total investments</u>		70,820

7.3 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.

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:

	2016/17 Actual £'000	2017/18 Revised Estimate £'000	2018/19 Original Estimate £'000	2019/20 Original Estimate £'000	2020/21 Original Estimate £'000
Actual gross debt at 31 st March	250,140	267,155	281,970	279,003	274,797
Capital Financing Requirement (CFR)	292,826	325,978	341,000	337,648	335,239
Under / (over) borrowed	42,686	58,823	59,030	58,645	60,442

7.4 Treasury Indicators: Limits relating to borrowing

7.4.1 The Operational Boundary

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

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Operational Boundary	339,108	353,923	350,956	346,750

7.4.2 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.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Authorised Limit	359,108	373,923	370,956	366,750

7.4.3 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

	2017/18 to 2020/21 £'000
Upper Limit on Fixed Interest Rate Exposure Lower Limit on Fixed Interest Rate Exposure	373,923
Upper Limit on Variable Interest Rate Exposure Lower Limit on Variable Interest rate Exposure	186,962

7.4.4 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	2018/19 Estimate %	Upper Limit %	Lower Limit %
Under 12 months	2	15	0
12 months to 2 years	6	15	0
2 to 5 years	4	40	0
5 to 10 years	3	60	0
10 years +	85	100	15

8. Prospects for Interest Rates

8.1 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.

	Dec17	Mar18	Jun18	Sep18	Dec18	Mar19	Mar20
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%
5 yr PWLB	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	2.10%
10 yr PWLB	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.70%
25 yr PWLB	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.40%
50 yr PWLB	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.20%

As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%.

9. Borrowing Strategy

- 9.1 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 2018/19.
- 9.2 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.

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.

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. However, the introduction by the PWLB of significantly lower repayment rates than new borrowing rates in November 2007, which has now been compounded since 20th October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has potentially meant that large premiums would be incurred by such action and such levels of premiums are unlikely to be justifiable on value for money grounds. This situation will be monitored in case these differentials are narrowed by the PWLB at some future date.

Members should note that during 2017/18 the Council has taken new borrowing of £30m from the PWLB taking advantage of

historically low interest rates. It should also be noted that during the year the Council repaid the outstanding balance of its loan from the Regional Investment Fund Wales (£12.927m) and made £1.5m of principal repayments to the PWLB.

- 9.3 Going forward it is not anticipated that the Council can meet its borrowing requirement from internal balances. It is proposed that Council Officers monitor the cost of external borrowing and if considered necessary externalise the 2018/19 borrowing requirement during the financial year if considered advantageous to do so.

10. Policy on Borrowing in Advance of Need

- 10.1 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.

11. Debt Rescheduling

- 11.1 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).
- 11.2 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).
- 11.3 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.

- 11.4 No rescheduling is anticipated in 2018/19. If rescheduling does take place it will be reported to the Policy and Resources Cabinet Board, at the earliest meeting following its action.

12. Annual Investment Strategy

- 12.1 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.
- 12.2 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.
- 12.3 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.
- 12.4 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.
- 12.5 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.

- 12.6 The intention of the strategy is to provide security of investment and minimisation of risk.
- 12.7 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.

13. Creditworthiness Policy

- 13.1 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
- 13.2 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.
- 13.3 Council Officers are able to use this creditworthiness information to help support their decision making processes along with other market information and data available.
- 13.4 The approved investment criteria are detailed in Appendix 2 of this report and have not changed from those previously approved by Members.

14. Country Limits

14.1 The Council will only invest in Banks in countries where the sovereignty rating is AA+ or higher, with the exception of the UK which has a 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.

15. Investment Strategy

15.1 **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.

15.2 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.

15.3 Investment returns expectations.

Bank Rate is forecast to stay flat at 0.50% until quarter 4 of 2018 and not to rise above 1.25% by quarter 1 of 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%

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:

- 2017/18 0.40%
- 2018/19 0.65%
- 2019/20 0.90%
- 2020/21 1.25%

The overall balance of risks to these forecasts is currently skewed to the upside and are dependent on how strong GDP growth turns out, how quickly inflation pressures rise and how quickly the Brexit negotiations move forward positively.

15.4. Investments greater than 365 days

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 below:

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Limit on investments over 365 days	£25m	£25m	£25m	£25m

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.

16 End of Year Investment Report

16.1 Members will receive a report on 2017/18 investment activity as part of the Annual Treasury Report by 30th September 2018.

17. Policy on the Use of External Service Providers

17.1 The Council uses Link Asset Services as its external treasury management advisers. The Council's previous contract was with Capita Asset Services but this business was purchased by Link Asset Services during 2017/18.

17.2 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.

17.3 However it is recognised that responsibility for treasury management decisions remains with the Council.

18. Role of the Section 151 Officer

18.1 The Director of Finance and Corporate Services 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.

19. Minimum Revenue Provision

19.1 Introduction

19.1.1 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.

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

20. Minimum Revenue Provision Policy Statement 2018/19

20.1 The Council’s MRP policy for 2018/19 is detailed below:

MRP Policy – Supported Borrowing

- 20.2 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

- 20.3 Expenditure will be subject to MRP on the basis of asset life and using the equal annual instalment or annuity methods as appropriate.
- 20.4 Estimated life periods will be determined by the Director of Finance and Corporate Services 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.
- 20.5 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 Director of Finance.
- 20.6 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.
- 20.7 The Council will apply the Minimum Revenue Provision to the accounts in the financial year following which the asset becomes operational.

21. Affordability Prudential Indicators

- 21.1 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

	2017/18 Revised Estimate	2018/19 Original Estimate	2019/20 Original Estimate	2020/21 Original Estimate
Financing Cost / Net Revenue	6.76%	6.96%	7.31%	7.33%

22. Capital Financing Budget

22.1 Included at Appendix 3 of this report is a breakdown of the capital financing budget which totals £18.573m for 2018/19.

23. Financial Impact

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

24. Equality impact assessment

There is no requirement for an equality impact assessment for this report.

25. Workforce impacts

There are no workforce impacts resulting from this report.

26. Legal impacts

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

27. Risk management

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

28. Recommendation

It is recommended that Cabinet commend to Council the approval of the Treasury Management Strategy, Annual Investment, Minimum Revenue Provision and Prudential Indicators as set out in this report.

29. Reasons for proposed decision

To approve the Authority's Treasury Management Strategy, Annual Investment Strategy and MRP Policy as required by the Local Government Act 2003.

30. Implementation of decision

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

31. Appendices

Appendix 1 – Scheme of Delegation

Appendix 2 - Investment Criteria

Appendix 3 – Capital Financing Budget

32. List of Background Papers

CIPFA – Treasury Management in the Public Sector Code of Practice

Treasury Management Working Papers

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Scheme of Delegation

Area of Responsibility	Council/ Committee	Frequency
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	Policy and Resources Cabinet Board	Annually by 30 th September after the end of the year
Treasury Management Monitoring and Performance Reports	Policy and Resources Cabinet Board and Scrutiny and Audit Committee	6 Weekly Quarterly
Treasury Management Practices	Cabinet for approval by Full Council	Amendments to be reported annually
Scrutiny of Treasury Management Strategy	Policy and Resources Scrutiny and Audit Committee	Annually

Specified Investments

	Minimum 'High' Credit Criteria	Funds Managed	Max Amount	Max Duration
Term deposits				
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
Callable deposits				
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

	Minimum Credit Criteria	Funds Managed	Max. Investment	Max. Maturity Period
Fixed term deposits with fixed rate and fixed maturity				
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
Fixed term deposits with variable rate and variable maturities				
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
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- Hong Kong
- USA

AA

- UK

Capital Financing Budget

2016/17 Outturn Position £'000		2017/18 Original Budget £'000	2018/19 Original Budget £'000
16,798	Principal and Interest charges	18,434	19,143
	Investment Income		
(727)	- Total	(504)	(390)
153	- less allocated to other funds *	250	160
(574)	Subtotal Income	(254)	(230)
(360)	Contribution from General Reserve	(350)	(340)
655	Contribution to Treasury Management Equalisation Reserve.		
16.519	Net General Fund	17,830	18,573

NB * Allocated to other Funds include interest paid out to Trust Funds, Social Services Funds, Schools Reserves, Bonds etc.