



## **Y CABINET**

### **YN SYTH AR ÔL CYFARFOD PWYLLGOR CRAFFU'R CABINET DYDD IAU, 5 MAWRTH 2020**

### **SIAMBR Y CYNGOR - CANOLFAN DDINESIG PORT TALBOT**

#### **Rhan 1**

1. Penodi Cadeirydd
2. Datganiadau o fuddiannau
3. Blaenraglen Waith 2019/20 (*Tudalennau 3 - 4*)
4. Strategaeth Gyfalaf a Rhaglen Gyfalaf 2020/21 i 2022/23 (*Tudalennau 5 - 28*)
5. Cyllideb Refeniw 2020/21 (*Tudalennau 29 - 108*)
6. Strategaeth Rheoli'r Trysorlys, Strategaeth Fuddsoddi Flynyddol a Pholisi Darpariaeth Isafswm Refeniw 2020/21 (*Tudalennau 109 - 134*)
7. Eitemau brys  
Unrhyw eitemau brys (boed yn gyhoeddus neu wedi'u heithrio) yn ôl disgresiwn y Cadeirydd yn unol ag Adran 100b (4)(B) o Ddeddf Llywodraeth Leol 1972.

**S.Phillips**  
**Prif Weithredwr**

**Canolfan Ddinesig  
Port Talbot**

**Dydd Gwener, 28 Chwefror 2020**

**Aelodau'r Y Cabinet:**

Y Cynghorwyr R.G.Jones, C.Clement-Williams, D.Jones,  
E.V.Latham, A.R.Lockyer, P.A.Rees, P.D.Richards, A.Wingrave a/ac  
L.Jones

## 2019/20 FORWARD WORK PLAN

### CABINET

Meeting Date	Agenda Items	Type (Decision/ Monitoring Or Information)	Rotation (Topical, Annual, Bi-Annual, Quarterly, Monthly)	Contact Officer/ Head of Service
<b>SPECIAL 17 March 2020</b>	Celtic Leisure (Hamdden Celtaidd)	Decision		S.Phillips
	ERW (Ein Rhanbarth ar Waith)	Decision		S.Phillips

Tudalen 3

**Cabinet – Forward Work Programme**

<b>Meeting Date</b>	<b>Agenda Items</b>	<b>Type (Decision/ Monitoring Or Information)</b>	<b>Rotation (Topical, Annual, Bi-Annual, Quarterly, Monthly)</b>	<b>Contact Officer/ Head of Service</b>
<b>1 April 2020</b>	Q3 PI's (Dangosyddion Perfformiad Ansawdd Chwarter 3)			K.Jones (SD)
	Talking NPT – Communications and Community Relations Strategy 2018-2020 – Progress Report (Siarad CNPT– Strategaeth Cyfathrebu a Chysylltiadau Cymunedol 2018-2020 – Adroddiad Cynnydd)	Monitor	Topical	K.Jones (SG/CF)
	Member's Community Fund (Cronfa Gymunedol yr Aelod)	Decision (Immediate Implementation)		P.Hinder

Tudalen 4

Cabinet – Forward Work Programme

Meeting Date	Agenda Items	Type (Decision/ Monitoring Or Information)	Rotation (Topical, Annual, Bi-Annual, Quarterly, Monthly)	Contact Officer/ Head of Service
<b>SPECIAL</b> 21 April 2020	Strategic Equality Plan (Cynllun Cydraddoldeb Strategol)	Decision		K.Jones (RH)
	Corporate Plan (Cynllun Corfforaethol)	Decision		K.Jones

Tudalen 5

Mae'r dudalen hon yn fwiadol wag



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

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

### **CABINET**

**5 MARCH 2020**

### **REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES**

**H.JENKINS**

#### **MATTER FOR DECISION**

**WARDS AFFECTED: ALL**

#### **CAPITAL STRATEGY AND CAPITAL PROGRAMME 2020/21 TO 2022/23**

##### **Purpose of report**

1. The purpose of this report is to set out the Capital Strategy and Capital Programme for 2020/21 to 2022/23.

##### **Capital Strategy**

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

##### **Updated Capital Programme for 2019/20**

3. The original Capital Programme totalled £44.816m, the updated programme for 2019/20 currently stands at £39.078m with the major

variations having been reported to Cabinet and Council as part of the ongoing budget monitoring arrangements.

### **Welsh Government Capital Settlement 2020/21**

4. The total Capital Settlement on an all Wales basis has increased from £559.046m to £581.149m with amounts to be confirmed for the City Deal and Regeneration Investments. The Un-hypothecated base budget of the Capital Settlement for All Wales has increased by £5m to £177.837m.

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

5. The amount of funding included in the 2020/21 settlement is £8.989m (which includes £1m of one-off additional funding announced as part of the 2019/20 settlement) with £4.5m paid as a capital grant and the remaining £4.489m treated as supported borrowing with an allowance included in the revenue settlement to pay for the debt charges.
6. In addition to the funding provided by the WG the Council also budgets for the use of £1.3m per annum to underpin the Capital Programme being made available via capital receipts arising from the sale of council assets.
7. 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.
8. The following table sets out the amount of funding available to the Council to distribute to capital projects.

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

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
WG Base Funding	7,215	7,989	7,989	7,989
Capital Receipts	1,300	1,300	1,300	1,300
Prudential Borrowing	2,000	2,000	2,000	2,000
<b>Total Available Funding</b>	<b>10,515</b>	<b>11,289</b>	<b>11,289</b>	<b>11,289</b>



**NB** the 2020/21 budget amount mentioned in the above table excludes the £1m of one-off funding.

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

### Budget Allocations

<b>Service</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 '000</b>	<b>2022/23 £'000</b>
Education	1,100	1,100	1,100	1,100
Schools ICT – HWB Grant Sustainability				100
Leisure	150	150	150	150
Highways and Engineering Maintenance	1,625	1,625	1,625	1,625
Environment Street scene Improvements		500	500	500
Additional Engineering Projects	500			
Neighbourhood Improvements	150	150	150	150
Pavilions	100	100	100	100
Regeneration	2,275	2,275	2,275	2,275
Match Funding – Former Plaza		140	150	100
Match Funding – Former Crown Foods		450	250	
Disability Access	150	150	150	150
Health & Safety	850	850	850	850
Social Services	150	150	150	150
Disabled Facilities Grants	3,000	3,000	3,000	3,000
Civic Accommodation Modernisation		100	150	
CCTV Replacement		100	150	
Contingency	465	449	539	1,039
<b>Total</b>	<b>10,515</b>	<b>11,289</b>	<b>11,289</b>	<b>11,289</b>

10. The current budget allocations to Education, Leisure and Social Services provide important investment to maintain buildings

infrastructure including roofs, heating, lighting etc. The investment in Highways and Neighbourhood improvements will maintain transport, bridges and other structures.

11. The largest single budget continues to be Disabled Facilities Grants to enable people to live independently in their own homes with some £70m being invested by the Council over the last fifteen years.

### **Additional Capital Funding**

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

- Prudential Borrowing  
The Council only enters into prudential borrowing arrangements when it can demonstrate that it is prudent, sustainable and affordable to do so. In order to minimise the revenue costs associated with prudential borrowing the Council will look to first utilise other available sources of funding such as capital receipts.
- Specific Grants  
Funding provided for specific projects from various sources such as European Funding, Welsh Government Departmental Budgets, Heritage Lottery fund etc. As is the nature of this type of funding there is less availability and certainty for the latter years of the Capital Programme.
- Other sources  
Various other smaller sources including specific reserves, private sector investment etc.

### **Major Investment Initiatives**

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

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

14. During 2019/20 the Council completed the first phase (Band A) of its 21<sup>st</sup> Century Schools Investment programme. This programme has

seen c£123m invested in school modernisation and new buildings which will provide 21<sup>st</sup> Century Education for thousands of learners.

15. The Council is currently progressing with the second phase of 21<sup>st</sup> Century Schools investment known as Band B, this phase will see a further c£67m invested in new schools.
16. The Band B programme includes the following major investments which will help the Council deliver on its aspiration to deliver 21<sup>st</sup> Century Education:
  - Construction of a new Secondary School in Cimla replacing the current Cefn Saeson Comprehensive with a budget of £29m.
  - Construction of a new single site Primary School in Longford replacing the three separate sites of the existing Abbey Primary with a budget of £9.2m. An additional £555k Childcare Offer has been also been awarded, taking the total school investment to £9.755m.
  - Commencement of the £8.5m final phase of re-development work at Ysgol Gymraeg Ystalyfera Bro Dur North Campus. This phase will include the demolition of the current catering block and former swimming pool to be replaced with new catering facilities and classrooms.
17. Welsh Medium Education

The Council has been successful in obtaining grant funding of £3.4m to improve facilities for Welsh Medium education over 3 years. At YGG Pontardawe £1.6m is to be invested to provide three extra classrooms and additional child care spaces. YGG Tyle'r Ynn will benefit from a £1.5m investment to provide two extra classrooms and childcare facilities. Also, YGG Cwmllynfell will see £0.6m invested to provide one additional classroom and an improved childcare offer.
18. Childcare Offer Funding

The Council has been awarded £4.650m to facilitate and support the delivery of additional childcare facilities across the County Borough. Facilities will be developed at seven schools (YGG Castell Nedd, YGG Blaendulais, Abbey Primary, Baglan Primary, Blaenbaglan Primary, Rhos Primary and Waunceirch Primary), plus a site in Cwmavon which is yet to be finalised. Included within the

allocation is £0.610m, over two years, to provide grants to other independent childcare providers to undertake minor capital adaptations.

19. School Capital Maintenance

The Council was awarded £1.9m in 2018/19 and has been awarded a further £1.9m in 2019/20 to fund expenditure on capital maintenance in schools. This grant funding will displace the Council's own spending in-year with the funds carried forward and invested in schools during 2020/21 and 2021/22.

20. County Borough Regeneration

The Council continues to invest significantly in regeneration projects across the County Borough. The next phase of the re-development of Neath Town Centre has commenced with highway modification works underway. The re-development will provide a new shopping and leisure complex on the site of the former multi storey car park.

21. Also included in the programme is the redevelopment of the property formerly known as Crown Foods. This proposal will deliver significant investment and job creation within the County Borough. This project is being developed as a Strategic Hub for the Valleys and is benefiting from £3.5m of Welsh Government Funding.

22. Successful grant applications allow regeneration projects to progress across the County Borough over a number of financial years. These include, amongst others, the redevelopment of the former Plaza Cinema and Harbourside infrastructure projects in Port Talbot.

23. City Deal

The Swansea Bay City Region Joint Committee approved at their meeting of 28th January 2020 Neath Port Talbot's Business Case 'Supporting Innovation and Low Carbon Growth'. This Business Case includes details of a Programme totalling £58.7m with £47.7m being contributed from the City Deal Grant. The balance of the funding is due from other public sector funding (£6m) and private sector funding (£5m).

The Programme has been developed around four interlinked themes:

- **Swansea Bay Technology Centre** – An energy positive building on Baglan Energy Park providing flexible office space for start-up companies and indigenous businesses, with a focus on the innovation, ICT and R&D sectors. The excess energy from solar and other renewable technologies will be converted into hydrogen at the nearby Hydrogen Centre to be used to fuel hydrogen vehicles.
- **National Steel Innovation Centre** that aims to support the steel and metals industry in Port Talbot and Wales – with the aim of reducing the carbon footprint of the steel and metals industry, and increasing the sustainability of the industry, linking in to the Circular Economy.
- **Decarbonisation** – To assist with the delivery of decarbonising the City Region, a number of core projects will be undertaken in collaboration with a number of public, private and academic partners including the FLEXIS research operation. These projects include a hard-wired electrical link between the Swansea Bay Technology Centre and the nearby Hydrogen Centre, as well as an electrical charging infrastructure route map. Encouraging the uptake of electric vehicles, this includes the development and implementation of an electric vehicle charging network that meets the demands of residents, businesses and visitors. New charging stations will contribute to solving Wales' lag in electrical vehicle charging infrastructure and coverage compared to the rest of the UK. Air quality modelling and real-time monitoring will also be introduced to enable better informed air quality decisions in future. This project will include data analytics to identify correlation with pollution sources, evaluation of intervention measures, and area wide, real-time data with significantly more geographic detail than is currently available.
- **Industrial Futures** – This will address the gap between demand and supply for businesses and available land in the Port Talbot Waterfront Enterprise Zone, with a hybrid building providing production units as well as office space to support start-ups and indigenous businesses - especially those in the innovation and manufacturing sectors. There will also be laboratory space supported by Industry Wales for spin-outs to monetise research and development projects, as well as land remediation, flood defence work, construction of access roads and upgrading of highways. A Property Development Fund will also be made

available to support the viability of private sector schemes to develop buildings in the Enterprise Zone.

The Capital Programme as shown in Appendix 2 of this report includes the Swansea Bay Technology Centre which is the first project to be delivered. The remaining projects will be added once project approval confirmation has been received from both Governments and then expenditure profiles are agreed.

24. Hillside Secure Unit

A grant was received in 2019/20 which has been used to displace Council expenditure. A £2m improvement programme at Hillside will be delivered in 2020/21

25. Schools ICT Infrastructure (HWB)

Welsh Government has introduced a new programme of investment into ICT infrastructure within schools throughout Wales. This will be used to deliver a national approach to digital services, allowing schools in Wales to consistently exploit the transformational benefits which digital technology can have on education and learning. £2.8m will be invested in Neath Port Talbot's schools. As the Welsh Government will be providing this infrastructure directly, no costs will be borne by Neath Port Talbot.

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

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

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

## Summary

28. 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.
29. Members will note that the Council is investing c£88m in 2020/21 and when additional external funding from 21<sup>st</sup> Century Schools, City Deal and other sources are included it is projected that the total investment over the next three years will be over £140m. Details of the individual projects being delivered can be found in Appendix 1 of this report.

The following investments are being targeted for 2020/21:

- Progressing the build of Cefn Saeson Comprehensive School for opening September 2021.
- Progressing the build of the new Primary school which will replace Abbey Primary.
- Commencing the final phase of new build at Ysgol Gymraeg Ystalyfera Bro Dur.
- Continue with the activity investment at Margam Park.
- Progress with the regeneration programme including Neath Town Centre redevelopment, Plaza, Former Crown Foods site, and Swansea Bay Technology Centre.
- Completion of the Aberafan Coastal Defence Project, the only one of its kind approved in Wales.
- Continued investment of £3m in Disabled Facilities Grants.
- Redevelopment works at Hillside Secure Unit.
- Investment of £500k in street scene improvements, £753k in our highways plus improvements to bridges and infrastructure.
- Investment in school buildings and ICT.

## Financial Impact

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

## **Integrated Impact Assessment**

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

## **Workforce Impacts**

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

## **Legal Impacts**

33. There are no legal impacts arising from this report.

## **Risk Management**

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

- Urgent capital maintenance requirements
- Additional costs arising from any additions to the capital programme
- Capital financing charges arising from additional unsupported borrowing which cannot be met from existing revenue budgets
- A reduction in the availability of external grants to supplement the Council's own funding of the capital programme
- Capacity to deliver the Capital Programme Projects
- Investment in major programmes such as City Deal and 21<sup>st</sup> Century Schools

## **Consultation**

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



## **Recommendations**

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

- The Capital Strategy.
- The Capital Programme for 2020/21 to 2022/23 as detailed in Appendix 1 to this report.
- That the Programme be kept under review and updated over the coming year.

## **Reasons for proposed decision**

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

## **Implementation of decision**

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

## **Appendices**

Appendix 1 - Capital Strategy

Appendix 2 - Capital Programme 2020/21 to 2022/23.

## **List of background papers**

Local Government Settlement 2020/21

## **Officer Contact**

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## Capital Strategy

### **Capital Strategy**

#### Purpose of the Capital Strategy

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

#### Capital Programme Planning Process

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

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

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

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

## Capital Strategy

- Transformation Initiatives. Transformation of services such as the 21<sup>st</sup> Century Schools Programme are delivered via prioritised capital investment.

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

## Governance Arrangements

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

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

## Future Financial Sustainability

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

## Capital Programme 2020/21 to 2022/23

	Original 2019/20			Revised 2019/20			Original 2020/21			Original 2021/22			Original 2022/23		
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by	
		NPT	External		NPT	External		NPT	External		NPT	External		NPT	External
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Service</b>															
Education, Leisure and Lifelong Learning	6,751	3,310	3,441	13,165	4,911	8,254	36,255	12,050	24,205	22,111	7,419	14,692	2,875	2,875	0
Environment	32,484	17,622	14,862	20,468	12,425	8,043	44,177	26,311	17,866	11,480	9,480	2,000	5,750	5,750	0
Social Services, Health and Housing	4,026	3,375	651	4,333	1,854	2,479	5,949	5,388	561	3,150	3,150	0	3,150	3,150	0
Other Services	890	890	0	890	890	0	1,090	1,090	0	940	940	0	0	0	0
Contingency	665	665	0	222	222	0	449	449	0	539	539	0	1,039	1,039	0
<b>Total</b>	<b>44,816</b>	<b>25,862</b>	<b>18,954</b>	<b>39,078</b>	<b>20,302</b>	<b>18,776</b>	<b>87,920</b>	<b>45,288</b>	<b>42,632</b>	<b>38,220</b>	<b>21,528</b>	<b>16,692</b>	<b>12,814</b>	<b>12,814</b>	<b>0</b>
<b>Funded by</b>															
WG - General Capital Funding	9,845	9,845		4,637	4,637		11,367	11,367		7,989	7,989		7,989	7,989	
WG - Additional £5.010m General Funding				1,215	1,215		3,795	3,795							
Capital Receipts	4,800	4,800		128	128		4,725	4,725		1,300	1,300		1,300	1,300	
Prudential Borrowing	9,873	9,873		10,793	10,792		20,579	20,579		11,884	11,884		3,525	3,525	
Specific Reserves / Revenue	1,344	1,344		3,530	3,530		4,822	4,822		355	355				
External Grants	18,954		18,954	18,775		18,776	42,632		42,632	16,692		16,692	0		
<b>Total</b>	<b>44,816</b>	<b>25,862</b>	<b>18,954</b>	<b>39,078</b>	<b>20,302</b>	<b>18,776</b>	<b>87,920</b>	<b>45,288</b>	<b>42,632</b>	<b>38,220</b>	<b>21,528</b>	<b>16,692</b>	<b>12,814</b>	<b>12,814</b>	<b>0</b>

## Capital Programme 2020/21 to 2022/23

	Original 2019/20			Revised 2019/20			Original 2020/21			Original 2021/22			Original 2022/23			
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000	
<b><u>Education, Leisure and Lifelong Learning</u></b>																
Capital Maintenance	1,100	1,100		1,125		1,125	1,100	1,100		1,100	1,100		1,100	1,100		
Schools ICT - HWB Grant Sustainability													100	100		
Additional Maintenance & Improvements	750	750		400	400		1,000	1,000								
Capital Maintenance for Schools (previous year grants)				302	302		3,599	3,599								
<b><u>21st Century Schools - Band A</u></b>																
Ysgol Gymraeg Ystalyfera Bro Dur (South Campus)	250	250		250	250											
Ysgol Carreg Hir	100	100		100	100											
Ysgol Cwm Brombil	450	450		1,973	1,973											
Ysgol Gymraeg Ystalyfera Bro Dur (North Campus)				56	56											
<b><u>21st Century Schools - Band B</u></b>																
Cefn Saeson Comprehensive	1,000	350	650	5,524	1,124	4,400	13,000	2,000	11,000	8,520	1,070	7,450	1,395	1,395		
Abbey Primary				627	194	433	5,311	1,000	4,311	3,666	1,605	2,061	130	130		
Ysgol Gymraeg Ystalyfera Bro Dur (North Campus) Final Phase							3,401	1,401	2,000	5,158	1,794	3,364				

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## Capital Programme 2020/21 to 2022/23

	Original 2019/20			Revised 2019/20			Original 2020/21			Original 2021/22			Original 2022/23			
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		
		NPT	External		NPT	External		NPT	External		NPT	External		NPT	External	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<u>Welsh Medium Provision</u>																
<u>Classrooms and Childcare</u>																
YGG Pontardawe	780		780	400		400	1,220		1,220							
YGG Tyle'r Ynn	20		20	20		20	777		777	757		757				
YGG Cwmllynfell				5		5	235		235	400		400				
<u>Infant Class Size Improvements</u>																
YGG Rhos Afan	680		680	5		5	675		675	660		660				
YGG Castell Nedd	300		300	320		320	5		5							
Gnoll Primary	201		201	221		221	4		4							
<u>Childcare Offer</u>																
Additional Childcare Facilities various locations	810		810													
Small Grant Pot - independent providers				355		355	255		255							
YGG Castell Nedd				0		0	555		555							
Waucerich Primary				15		15	340		340							
Baglan Primary				10		10	545		545							
YGG Blaendulais				2		2	353		353							
<u>Childcare Offer cont.</u>																
Blaen Baglan Primary				15		15	540		540							
Rhos Primary				20		20	335		335							
Cwmavon (site to be identified)				0		0	755		755							

## Capital Programme 2020/21 to 2022/23

	Original 2019/20			Revised 2019/20			Original 2020/21			Original 2021/22			Original 2022/23			
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		
		NPT	External		NPT	External		NPT	External		NPT	External		NPT	External	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<u>Flying Start</u>																
Tir Morfa Flying Start Centre				8		8										
Brynhufred Flying Start Centre				7		7										
Digital Technology Equipment				30		30										
Cymmer Afan Site Clearance & Land Reclamation				800		800	200	200								
Leisure Investment	150	150		201	201		150	150		150	150		150	150		
Margam Orangery Improvement Works	160	160		250	250											
Margam Park All Weather Car Parking				12		12										
Citrus House				35	35											
Margam Park Activity Investment							1,400	1,400		1,400	1,400					
Pontardawe Pool Repair				51		51										
Furzmill Pond Margam				26	26											
Pontardawe Arts Centre Cinema							500	200	300	300	300					
<b>Total</b>	<b>6,751</b>	<b>3,310</b>	<b>3,441</b>	<b>13,165</b>	<b>4,911</b>	<b>8,254</b>	<b>36,255</b>	<b>12,050</b>	<b>24,205</b>	<b>22,111</b>	<b>7,419</b>	<b>14,692</b>	<b>2,875</b>	<b>2,875</b>	<b>0</b>	



## Capital Programme 2020/21 to 2022/23

	Original 2019/20			Revised 2019/20			Original 2020/21			Original 2021/22			Original 2022/23		
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by	
		NPT	External		NPT	External		NPT	External		NPT	External		NPT	External
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Environment</b>															
Highways and Engineering Maintenance	1,625	1,625		2,376	1,941	435	1,625	1,625		1,625	1,625		1,625	1,625	
Streetscene Works							500	500		500	500		500	500	
Public Highways Refurbishment Grant	1,496		1,496	1,496		1,496	753		753						
Local Transport Fund - Highway Improvements				195		195									
Local Transport Network Fund - Highway Network Improvements				330		330									
Road Safety Measures - A48 Margam near J38				71	71										
Road Safety Grant Improvements				407		407									
Safe Routes In Communities				157		157									
Active Travel Fund - Cycleway/Highway Improvements				739		739									
<b>Major Bridge Strengthening</b>															
Aberdulais Bridge Repair				20	20										
A474 Vale of Neath Bridge	800	800		910	910										
Cymmer Viaduct Design Work				220	220										
Briton Ferry - Retaining Wall				50	50										
A474 Graig Road Footway				75	75										

## Capital Programme 2020/21 to 2022/23

	Original 2019/20			Revised 2019/20			Original 2020/21			Original 2021/22			Original 2022/23			
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		
		NPT	External		NPT	External		NPT	External		NPT	External		NPT	External	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<u>Flood and Coastal Risk Projects</u>																
Aberafan Promenade	3,220	805	2,415	2,320	2,305	15	1,400	1,400								
Briton Ferry Dock	396	99	297	10	10											
Neighbourhood Improvements	150	150		150	150		150	150	150	150			150	150		
Pavilions	100	100		120	120		100	100	100	100			100	100		
Disability Access	150	150		185	185		150	150	150	150			150	150		
Health and Safety	850	850		893	890	3	850	850	850	850			850	850		
Street Lighting				663	663		491	491								
Vehicle Replacement Programme	1,119	1,119		1,119	1,119		1,237	1,237	355	355						
Acquisition of MREC Waste Equipment				750	750											
Additional Recycling Initiatives				110		110										
Milland Road Footbridge				100	100											
Port Talbot PDR Land Compensation				100	100											
Scabble Paving At Pontardawe and Neath Town Centres				175	175											
Physical Regeneration				155	155											

## Capital Programme 2020/21 to 2022/23

	Original 2019/20			Revised 2019/20			Original 2020/21			Original 2021/22			Original 2022/23		
	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
Cefn Coed Valleys Landscape Park	125	125		150		150	1,900	250	1,650	550	550				
Employment and Business Start Up Space	250	250					500	500							
Community Self Build Housing	75	75					150	150							
Neath Strategic Hub	125	125					250	250							
Valleys Task Force							400	400		200	200		200	200	
Destination Management Plan Match Funding at Gnoll Country Park	75	75		15	15		85	85							
Destination Management Plan Match Funding at Afan Forest Park							50	50							
Seafront Regeneration	325	325					400	400		200	200		200	200	
Aquasplash Upgrade							350	350							
Town Centre Transformation - Match Funding	145	145					290	290							
Maintenance - Structures and Council Owned Tips	250	250		250	250		250	250							
Pantteg - Remediation Works	145	145		273	273										
Bus Shelter Renewal Programme	60	60					60	60							
Environment - Various				275	275										

## Capital Programme 2020/21 to 2022/23

	Original 2019/20			Revised 2019/20			Original 2020/21			Original 2021/22			Original 2022/23		
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by	
		NPT	External		NPT	External		NPT	External		NPT	External		NPT	External
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Regeneration</u>															
Neath Town Centre Redevelopment	4,783	4,783		250	250		8,250	8,250		4,000	4,000				
Harbourside Strategic Employment Sites	4,887	1,545	3,342	275	275		4,612	1,270	3,342						
Former Crown Foods Site Acquisition & Re-development	4,680	2,080	2,600	1,707		1,707	3,820	3,620	200	250	250				
Former Plaza Re-development	2,500		2,500	1,000		1,000	5,759	1,301	4,458	400	400		100	100	
Former Port Talbot Magistrates Court Refurbishment	667	180	487	732		732									
Margam Park - Turbine House	77	62	15	275	275										
8 Wind Street Neath - Conversion to offices	757	442	315	177		177	580	265	315						
6 Station Road, Port Talbot				100		100	402	177	225						
Swansea Bay Technology Centre				400	400		5,100	1,100	4,000	2,000		2,000			
Neath Transport Hub							1,975	500	1,475						
Commercial Property Grant	300	150	150	10	10		150	150		75	75		75	75	
Property Enhancement Grant	770		770	250		250	1,160		1,160						
Other regeneration projects	1,582	1,107	475	433	393	40	428	140	288	75	75		1,800	1,800	
<b>Total</b>	<b>32,484</b>	<b>17,622</b>	<b>14,862</b>	<b>20,468</b>	<b>12,425</b>	<b>8,043</b>	<b>44,177</b>	<b>26,311</b>	<b>17,866</b>	<b>11,480</b>	<b>9,480</b>	<b>2,000</b>	<b>5,750</b>	<b>5,750</b>	<b>0</b>

## Capital Programme 2020/21 to 2022/23

	Original 2019/20			Revised 2019/20			Original 2020/21			Original 2021/22			Original 2022/23		
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by	
		NPT	External		NPT	External		NPT	External		NPT	External		NPT	External
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social Services, Health and Housing</b>															
Capital Maintenance	150	150		256	256		150	150		150	150		150	150	
Rhodes House/ Fairway				204	173	31									
Disabled Facilities Grants	3,000	3,000		3,000	1,000	2,000	3,000	3,000		3,000	3,000		3,000	3,000	
Hillside Secure Unit							2,000	2,000							
Enable - Support For Independent Living				188		188									
Housing Renovations Works				291	291										
Warm Home - Boiler Scheme	876	225	651	394	134	260	799	238	561						
<b>Total</b>	<b>4,026</b>	<b>3,375</b>	<b>651</b>	<b>4,333</b>	<b>1,854</b>	<b>2,479</b>	<b>5,949</b>	<b>5,388</b>	<b>561</b>	<b>3,150</b>	<b>3,150</b>	<b>0</b>	<b>3,150</b>	<b>3,150</b>	<b>0</b>
<b>Other Services</b>															
Schools IT Replacement	300	300		300	300		300	300		300	300				
Vehicle Replacement	340	340		340	340		340	340		340	340				
Information Technology and Agile Working	250	250		250	250		250	250							
Civic Accommodation Modernisation							100	100		150	150				
CCTV Replacement							100	100		150	150				
<b>Total</b>	<b>890</b>	<b>890</b>	<b>0</b>	<b>890</b>	<b>890</b>	<b>0</b>	<b>1,090</b>	<b>1,090</b>	<b>0</b>	<b>940</b>	<b>940</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Contingency	665	665		222	222		449	449		539	539		1,039	1,039	
<b>Grand Total</b>	<b>44,816</b>	<b>25,862</b>	<b>18,954</b>	<b>39,078</b>	<b>20,302</b>	<b>18,776</b>	<b>87,920</b>	<b>45,288</b>	<b>42,632</b>	<b>38,220</b>	<b>21,528</b>	<b>16,692</b>	<b>12,814</b>	<b>12,814</b>	<b>0</b>

Mae'r dudalen hon yn fwiadol wag



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

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

### **CABINET**

**5 MARCH 2020**

### **REPORT OF THE CORPORATE DIRECTORS GROUP**

**WARDS AFFECTED: ALL**

### **REVENUE BUDGET 2020/21**

#### **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 2019/20.
- 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 2020/21 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 Neath Port Talbot County Borough Council's net budget requirement for 2019/20 totals £288.168m and when grants and income are taken into account this means the Council's Gross

Budget invests £433m in services across the County Borough. Every year the Council has a duty to consult and set a budget for the provision of services. This report sets out the 2020/21 Revenue Budget. A separate report setting out the Council's Capital Programme for 2020/21 to 2023/24 is also presented for members approval to today's meeting.

- 2.2 On the 10th January 2020 Cabinet approved to consult stakeholders on draft savings, cuts and income generation proposals required to set a Budget for 2020/21. The projected budget gap over the next 3 years was circa £28m.
- 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 2019/20 cash limit of £288.168m, by £60k. However as a result of the most recent adverse weather, storms and flooding affecting residents, businesses and council infrastructure across the County Borough there will be additional costs incurred that will impact on the council's budget by the end of this financial year.
- 3.2 Neath Port Talbot Council's gross budget and investment in services for 2020/21 totals £442m. The Council is projecting to



receive specific grants of £80m, £8m from passported grants from local authorities, income totalling some £48m and utilising reserves of £2m. This results in a net budget for 2020/21 of £304.082m.

3.3 Following receipt of the final settlement on the 25<sup>th</sup> February 2020 and feedback received during the consultation period the Council is able to confirm that it has made a number of amendments to the original draft budget and savings proposals which were set out in the report of the 10<sup>th</sup> January. These include:

- Reducing the Council Tax increase from 5% to 3.79%
- Increasing the funding to schools to 4.5% in line with the Council's general local government funding settlement,
- Providing £50k to fund increased business rates relief,
- Postponing until 2021-22 the reduction in subsidy to the Pontardawe Arts Centre (ELLL707),
- Re-profiling the recovery of cleaning service charges to schools over the next 3 years (ELLL1003),
- Removing the £100k cut to Celtic Leisure. A further report will be presented to Cabinet in March 2020.
- Reducing the in-built pressure relating to the Fire Authority Levy and cut in Housing Benefit Admin Subsidy Grant

Members will note that in setting its net budget at £304.082m directorate and capital financing savings totalling £1.973m together with a Council Tax increase of 3.79% are required to ensure that the Council sets a balanced budget for the 2020/21 financial year. General Reserves are projected for 31st March 2021 at £17.883m and Specific Reserves at £33.623m. It is planned that the Council will use £1.650m of General Reserves to balance its budget for next year.

3.4 Welsh Government has published budget plans for next year only as they await the outcome of the UK Government Spending Review, before they are able to confirm the funding available to them and its distribution to public services. The UK Government

has stated that austerity has come to an end but with continued uncertainty regarding the impact of Brexit and the outcome of the spending review we still do not have clarity on future years funding. In the meantime we are planning for an increase of 1% in WG funding and the Forward Financial Plan for the next 3 years shows a funding shortfall of some £28m. Further work will be required to update the Forward Financial Plan to 2024/25 and to identify additional income/savings in order to balance the annual budgets over that period.

#### **4 Latest Budget Position 2019/20**

- 4.1 The Revised Budget position for 2019/20 has been updated to reflect the latest projected income and 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 Quarter 3 budget monitoring report shows a projected net underspend of some £60k on the Net Budget of £288.168m. The final actual position will be reported to Members before the end of June 2020. This will include any changes arising from work carried out in our communities in response to the adverse weather, storms and flooding.
- 4.3 Full details of 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 25<sup>th</sup> February 2020 showing the Total Welsh Government Budget as £19.859bn. Of this £16.667bn is spent on Revenue and £3.192bn on capital.

## 6 Welsh Government Settlement Announcement

- 6.1 The provisional settlement, announced on 16<sup>th</sup> December, showed Welsh Government funding at £4.474bn which represented an average increase of 4.3%. This was inclusive of funding for changes to teachers' pension employer contributions and the September 2019 teachers pay award. Funding for Neath Port Talbot County Borough Council was announced as £226.762m, an increase of +4.5%.
- 6.2 The Final Local Government Settlement was published on 25<sup>th</sup> February 2020 and confirmed Welsh Government funding for 2020/21 at £4.474bn. This is the same amount that was announced in the Provisional Settlement with this Council's funding confirmed at £226.762m which is an increase of +4.5%.
- 6.3 The headline figures included within the final settlement are:

	NPT	All Wales
2020/21 increase in Aggregate External Finance (AEF) after adjustment for grants transferred into settlement	4.5%	4.3%

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

	NPT	All Wales
	£'000	£'000
Education – Teachers Pension Grant	1,826	39,112
Education – Teachers Pay Grant	561	12,018
Coastal Risk Management Programme	151	151
NHS Funded Nursing	97	1,900
	<b>2,635</b>	<b>53,181</b>

## 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 £1.002bn.

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

- Additional £13m for Regional Consortia School Improvement
- Additional £11.8m for pupil development and PDG Access
- Additional £7m for additional learning needs
- £1.5m for elective home education
- Additional £26m for the childcare offer
- Additional £10m for social care workforce and sustainability pressures
- A cut of £1.8m to the Sustainable Waste Management Grant

## 7 The Council's Revenue Budget

7.1 The Cabinet Board report of the 10<sup>th</sup> January received approval to commence consultation on the draft proposals for financial savings and income generation for 2020/21 and beyond.

7.2 The proposed final budget included at Appendix 1 sets out the expenditure and funding for 2020/21, which is summarised below.

	<b>2019/20</b>	<b>2020/21</b>	<b>Change</b>
	<b>Original</b>	<b>Original</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education Leisure and Lifelong Learning	109,091	116,019	6,928
Social Services and Housing	79,681	83,281	3,600
Environment	37,535	39,525	1,990
Corporate Services	18,076	18,208	132
Precepts and Other	46,040	48,699	2,659
Contribution from General Reserve	-2,255	-1,650	605
<b>Net Revenue Budget</b>	<b>288,168</b>	<b>304,082</b>	<b>15,914</b>

	<b>2019/20</b>	<b>2020/21</b>	<b>Change</b>
	<b>Original</b>	<b>Original</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Funded by:</b>			
Revenue Support Grant	168,695	177,353	8,658
Non Domestic Rates	46,100	49,409	3,309
Discretionary Rates Relief	-330	-387	-57
Council Tax Yield	73,703	77,707	4,004
<b>Total Funding</b>	<b>288,168</b>	<b>304,082</b>	<b>15,914</b>

Members should note that in 2020/21 Council Tax payers will fund 25.5% (25.57% 2019/20) of the Council's Net expenditure. The majority of the funding at £226.8m or 74.5% is paid for by Welsh 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 141,000 people living in more than 66,000 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 £7.891m to the Mid & West Wales Fire Authority who provides the local fire service.

8.3 The following paragraphs provide further information in relation to the service investments and budget savings arising from the 2020/21 Budget (savings proposals are further explained in Appendix 4).

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

The directorate has a net budget of £116.019m, of which £90.137m is delegated to schools, and £25.882m is allocated for other Education services. In addition, grant and income boosts the gross expenditure for schools and the rest of the directorate to £155m.

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 21<sup>st</sup> 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 400,000 books to the citizens of the county borough and supports community libraries
- A youth service that engages with over 6,000 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 Budget shows the council increasing its investment in Schools by an extra £5.713m to £90.137m. The projected gross budget (including specific grants) for schools is circa £97m.

Following consultation additional funding of £87k has been awarded to Schools resulting in a 4.5% increase after taking account of the £1.826m teachers’ pension grant which transferred into RSG.

**Other** – The Council will be investing £25.882m in other Education Leisure and Lifelong Learning Services, a net increase of £1.215m from 2019/20 revised budget. This is inclusive of an additional £936m (Appendix 3) provided to cover pressures, helping to protect services to vulnerable families and children.

This investment is also net of the savings reductions and increased income generation of £151k for the Directorate services as set out in Appendix 4.

Members will recall that as at January the draft savings for consultation totalled £326k. Following consultation the following savings proposals for 2020/21 have been amended:

Original Ref	Description	Original £'000	Comment	Proposed £'000
ELLL707	Pontardawe Arts- reduce subsidy	50	Increased income/Saving moved forward to 2021/22.	0
ELLL1001	Leisure Trust	100	Saving removed	0
ELLL1003	Cleaning Services	80	Re-profile saving of £166k equally over next 3 years	55

## 8.5 Social Services Health & Housing

The directorate has a net budget of £83.281m of which £21.427m is invested in Children Services; £50.973m is allocated for adult and vulnerable people services, £10.407m in social work and management support and £474k in housing services. In addition, grant and income boosts the total gross expenditure for Social Services Health and Housing to £116m.

As part of this investment the council provides

- Support for 307 looked after children. This has reduced significantly from a high of some 502 in 2012 and includes foster care placements and adoptions.
- Elderly services via home care to over 860 service users, and 640 residential care users
- Services to some 680 people with mental health and learning disabilities
- Social worker support work is being provided to over 4,200 adults or people with disabilities and a further 1,300 families through our children Social work team.
- Supporting people arrangements for some 1,050 clients.



**Children Services** – In 2020/21 the Council will continue to prioritise and make a significant investment of £21.427m 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 £350k savings from its budget.

**Adult Services** – The Council will be investing £50.973m in Adult Social Care Services.

**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 £10.407m.

**Housing Services** – The gross investment in Housing Services totals £7.159m of which Supporting People at £4.795m receives the largest budget share with further investment in housing grants, housing options and homeless services.

As members will note the budget provides new funding of £2.429k from the council for 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, Hillside and Housing with associated savings of circa £638k 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.

There have been no changes to the savings and income strategies as a result of budget consultation

## **8.6 Environment**

For 2020/21 the Council will be investing £39.525m in Environment Services, an increase of £1.634m on the current year revised budget. In addition, grant and income boosts the gross expenditure for Environment to £58m.

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

- Maintaining 860 kilometres of roads, 940 kilometres of footpaths and 15,000 road signs
- 3.3m recycling collections per year
- 1.6m refuse collections per year
- 18,000 lighting units throughout the county borough
- Repairs to 270 potholes per month
- Clean over 30,000 gullies a year
- Maintain 1,900 culverts, 1,800 retaining walls and 256 bridges
- Public protection via issuing Environmental Health statutory notices
- Assisted 30 unemployed people into work and 60 into volunteering or paid work experience. Engaging with 106 businesses (9 months to Dec 2019)
- Provide business Support and advice including 183 start-up enquiries, 37 new investment projects and created or safeguarded 468 jobs (9 months to Dec 2019)
- Property services management for industrial units and workshops across the county borough

The Directorate will be required to deliver savings of £117k as outlined in Appendix 4.

There have been no changes to the savings and income strategies following budget consultation

## 8.7 Corporate Services

For 2020/21 the Council will be investing £18.208m in Corporate Services. This includes an additional £276k to fund identified pressures, as outlined in Appendix 3. The Directorate is also required to deliver savings of £567k which will be mainly 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.

Following consultation the following pressure for 2020/21 has been amended:

Original Ref	Description	Original £'000	Comment	Proposed £'000
CORP17	Housing Benefit Admin Subsidy Grant reduction	50	Reduced cut in DWP Grant	25

**8.8 Other Budget Provisions** – A budget provision of £8.047m has been provided for levies and contributions to external bodies. This is an increase of £423k on 2019/20 with the largest amount being payable to the Mid and West Wales Fire Authority at £7.891m.

The capital financing budget is set at £19.282m to fund the repayment of debt borrowed by the Council to fund its capital programme. In addition, £18.748m has been provided to fund the Council Tax Support Scheme in line with Welsh Government requirements. This will provide financial support to some 17,000 of the most financially disadvantaged council tax payers in the county borough.

Over the last two years, the Members Community Fund has been successful in attracting match funding for projects, and has been used to address local needs, and to support projects and initiatives that contribute towards creating vibrant and sustainable communities. All projects must be sustainable, and have a robust exit strategy that places no additional revenue or financial burden on the Council. The budget includes a provision to extend the Members Community Fund for a further two years with £340k being made available in 2020/21 and a further £300k in 2021/22 for investment in all communities across the County Borough. The funding will be the first call on underspend arising in 2019/20 and 2020/21.

Following receipt of the final settlement, notification of the Fire Authority Levy and a review of consultation responses the following adjustments have been made to central budgets:

Description	Impact	Cost/(Saving) £'000
Fire Authority levy	Reduction in levy from 9.5% originally provided following confirmation of Welsh Government Grant for firefighter pensions	(320)
Discretionary Rates Relief	Additional provision	50
<b>Total</b>		<b>270</b>

## 9. Budget Analysis 2020/21

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

	£'000	£'000
<b>Revised Guideline Budget 2019/20</b>		<b>288,168</b>
Inflation, Pay awards		4,656
Net transfer into RSG (par 6.4)		2,635
Service Pressures (par 9.8)		10,596
<b>Total Requirement</b>		<b>306,055</b>
Directorate savings		
- Education, Leisure and Lifelong Learning	-151	
- Social Services, Health and Housing	-638	
- Environment	-117	
- Corporate	-567	
- Other	-500	-1,973
Corporate Savings (par 8.8)		
<b>Budget 2020/21</b>		<b>304,082</b>

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 - "All of our children and young people the best start in life, so that they can be the best they can be"

- To improve the well-being of all adults who live in the county borough - “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 - “The whole of Neath Port Talbot County Borough will be a vibrant and healthy place to live, work and enjoy recreational time”

9.4 Work will continue during 2020/21 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 together with an additional £1.3m in the pay pressures provision for any additional pay award arising from negotiations with unions.

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:

<b>Service Pressures &amp; Investment</b>	<b>£'000</b>
Schools	3,813
Education Leisure and Lifelong Learning	936
Social Services and Housing	2,429
Environment	955
Corporate	276
Pay, Pensions and Contingency provision	2,187
<b>Total</b>	<b>10,596</b>

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

9.8 £19.282m is included in the budget to meet the cost of capital financing charges including prudential borrowing. A separate report setting out the Council’s capital programme is included on the agenda for today.

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

<b>External Body</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Mid & West Wales Fire & Rescue Authority	7,470	7,891	421
Swansea Bay Port Health Authority	47	47	0
West Glamorgan Archive Service	94	96	2
Magistrates Court	12	12	0
Margam Joint Crematorium Committee	1	1	0
<b>TOTAL</b>	<b>7,624</b>	<b>8,047</b>	<b>423</b>

9.10 Council Tax – The draft budget for consultation assumed that the council tax would increase by 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 3.79% or £59 to £1,615.59. Based on a council tax base of 48,098.04 Band D properties this will generate council tax proceeds of £77.707m or 25.5% of the Council’s net Budget requirement.

Although the Council is required to state the Council Tax at Band D, approximately 79% of residents in Neath Port Talbot are charged below this level, with the majority seeing an increase of less than 15 pence per day.

Members should note that the Council Tax setting process for 2020/21 will also be completed on 6<sup>th</sup> March 2020. The Council is required to set the total Council Tax for 2020/21 incorporating the amount payable for this County Borough, the Police and Crime Commissioner for South Wales and relevant Town and Community Council.

**10 Standard Spending Assessment** – The Council’s budget at £304.082m for 2020/21 will be 3.8% or £11.086m above its Standard Spending Assessment of £292.996m, 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 10<sup>th</sup> January through to 4th February 2020.

- 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 2020/21 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 5% to 3.79% and, along with consideration of the comments received by respondents, the Council has amended various budget saving proposals as set out below.

- **ELLL707** – the £50k saving resulting from establishing a cinema at Pontardawe Arts Centre has been removed from 20/21 and added to 21/22, as the opening has been re-scheduled to 2021.
- **ELLL1001** - the £100k reduction in the management fee to Celtic Leisure has been removed
- **ELLL1003** – the total saving of £166k for School Cleaning has been re-profiled over 3 years, resulting in a £25k reduction in 2020/21.
- **An additional £87k has been provided to schools** to increase their funding in line with the average increase benefited by the Council.

### **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 3.79%

- 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 21).

The 2020/21 Budget proposals include new or additional income generation strategies which include road safety driver training, parking mobile enforcement, rent, registrars on-line services, legal services etc.

### **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 in total the net application of £2.679m from Specific Reserves, resulting in a projected closing balance of £33.623m at 31<sup>st</sup> March 2020. Details of all specific reserve movements and projected balances are included in Appendix 5.

It is projected that £1.650m from the General Reserves will be used to fund the 2020/21 Budget with the projected balance at 31 March 2021 being £17.883m as set out in Appendix 6. Given the projected budget shortfall gap of £28m over the period to 2023/24 it is proposed to only use the £1.650m for next year and retain the

General Reserve for such future funding requirements. The General Reserve will also be required to fund additional costs that arise from Storm Dennis damage (February 2020) and any other such emergency both in 2019/20 and subsequent years.

The Authority is required to retain a reasonable level of reserves. As at 31<sup>st</sup> March 2021 the general reserves are projected to equate to 5.88% 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 £822k in the base budget has been set aside to fund any variations and the risks in delivering the savings included in the budget. Should the risks be higher than this then the General Reserves and Corporate Contingency Reserve will be available to support any emergency calls.

Outlined below are a number of risk areas that will need to be actively managed during 2020/21 and into future years:

- Containment of expenditure within the cash limit in light of the additional savings/cuts strategies
- Continuous improvement in Children Services, including reductions in the number of looked after children
- Managing demand in social care including adult and learning disability services
- Continuing to work with the Health Service to reduce delays in discharge from Health Care.
- Potential delays in implementing the savings strategies and decisions.

- Waste management and other contractual pressures
- Ability to deliver WG recycling targets to minimise financial penalties
- Loss of experience and knowledge due to staff leaving on ER/VR and capacity to deliver investment projects
- Adequate provision for budget pressures
- Adequate provision for pay award
- Guaranteed pension payment value
- Adequate provision for inflationary increases linked to CPI/RPI
- Changes in taxation
- Legislative changes
- Local Government and Elections (Wales) Bill including webcasting and other service costs
- Diminishing capital receipts
- In-year changes to specific grant funding
- Additional costs of properties declared as surplus, prior to disposal
- Variations to the number and cost of claimants for Council Tax Support
- Increase in demand for some services
- Unplanned use of the general or specific reserves
- Implementation of the requirement of the Social Services Wellbeing Act 2014
- Implementation of the Welsh Language Standards
- Future years funding requirements for capital investment including City Deal, 21<sup>st</sup> Century Schools and others.
- Inclement weather impacts on services, infrastructure, communities and budget/reserves.

## **16. Integrated Impact Assessment**

A first stage impact assessment has been undertaken to assist the Council in discharging its legislative duties (under the Equality Act 2010, the Welsh Language Standards (No.1) Regulations 2015, the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016. The first stage impact assessment has indicated that a more in-depth assessment was required.

An overview of the Integrated Impact Assessment has been included below in summary form only and it is essential that Members read the Integrated Impact Assessment, which is attached to the report at Appendix 7, for the purposes of the meeting.

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 2020/21 at the same level as in 2019/20.

The budget report incorporates several service change proposals which, taken together, represent a significant change in the Council's service delivery arrangements and income generation. 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 a small number of proposals which translate into service reductions, income generation or in some instances the withdrawal of services. In other instances a small number of 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 or vacant jobs not being replaced, 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, that there will be some negative impacts arising from proposals.

Some proposals will continue to be worked on into 2020/21 and where appropriate a separate report setting out relevant impacts will be prepared for consideration, review and approval by the relevant Scrutiny Committee and Cabinet Board.

Setting a balanced budget for 2020/21 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.

#### **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. Workforce Implications**

It is expected that a small number of staff will leave the Council’s employment through the ER/VR scheme either by 31<sup>st</sup> March 2020 or early in the 2020/21 financial year.

The Council will continue to be a major employer in the County Borough but over the last 10 years of austerity the opportunity for new employment opportunities with the Council has significantly reduced.

#### **19. 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 10<sup>th</sup> January 2020. 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 Integrated Impact Assessment.

- 20. 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.

The Welsh Government has not provided any indicative funding announcements beyond the next financial year. Therefore, at this stage it is prudent for Budget proposals for future years to be based on the following assumptions:

	2020/21	2021/22	2022/23	2023/24
WG funding	4.5%	1.0%	1.0%	1.0%
Pay & Pension Provision	2.0%	2.0%	2.0%	2.0%
Price inflation	2.0%	2.0%	2.0%	2.0%

Members will note that every 2% variation in WG funding equates to over £2.2m. Hence a better settlement than the assumed 1% will reduce the financial gap mentioned below. Future year inflation, pay award, service pressures, contingencies and savings proposals have also been included in the budget forecast (see Appendix 3 and 4).

This report includes a balanced budget for 2020/21 following the use of reserves as set out in this report, but indicates that savings solutions of circa £28m will be required over the following 3 years. This will be addressed as part of the ongoing Forward Financial Planning process.

**21. Fees & Charges** – as mentioned in paragraph 13 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

## **22. 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:-
  - Fees and charges applicable for the financial year 2020/21
  - 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 2019/20 – approve the revised budget position and arrangements for 2019/20
- ii) The Council’s Revenue Budget 2020/21
  - Take account of the Equality Impact Assessment and Crime and Disorder impacts in setting the budget for 2020/21
  - Approve the Net Revenue Budget requirement for 2020/21, 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 2020/21
  - 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 2020/21 – That the 2020/21 Band D equivalent for Neath Port Talbot County Borough Council will be £1,615.59.

### **23. Reasons for Proposed Decisions**

To fulfil the statutory requirement to determine the budget for 2020/21.

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

To agree arrangements for setting Fees and Charges.

## **24. Implementation of Decision**

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

## **25. Appendices**

Appendix 1 – Revenue Budget Summary 2020/21

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 2020/21

Appendix 8 – Consultation Summary

## **26. Background Papers**

Cabinet Report of 10<sup>th</sup> January 2020

Budget working papers 2020/21

Local Government Settlement

Consultation Responses

Equality Impact Assessments

## **27. Officer Contact**

For further information on this report item, please contact:

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<b>REVENUE BUDGET SUMMARY</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Directly Controlled Expenditure</b>			
Schools	84,424	84,424	90,137
Other Education	24,667	24,667	25,882
<b>Total Education</b>	<b>109,091</b>	<b>109,091</b>	<b>116,019</b>
Social Services and Health	79,681	79,681	83,281
Environment	37,535	37,891	39,525
Finance & Corporate Services	18,076	18,076	18,208
<b>Total Directly Controlled Expenditure</b>	<b>244,383</b>	<b>244,739</b>	<b>257,033</b>
<b>Levies</b>			
Swansea Port Health Authority	47	47	47
Fire Authority	7,470	7,470	7,891
Margam Crematorium	1	1	1
<b>Contributions</b>			
Archive Service	94	94	96
Magistrates Court	12	12	12
<b>Other Expenditure</b>			
Treasury Management / Capital Financing	19,274	19,274	19,282
Council Tax Support	18,108	18,108	18,748
Misc. (including pay & pensions)	0	0	1,300
Contingency	555	187	822
Contingency-Management of Change	500	500	500
<b>Contributions/Reserves</b>			
Contribution-from Fire Authority Reserve	-21	-9	0
Contribution from General Reserve	-2,255	-2,255	-1650
<b>BUDGET REQUIREMENT</b>	<b>288,168</b>	<b>288,168</b>	<b>304,082</b>

<b>REVENUE BUDGET SUMMARY</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>INCOME</b>			
Revenue Support Grant	168,695	168,695	177,353
National Non Domestic Rates	46,100	46,100	49,409
Discretionary Rates Relief	-330	-330	-387
Council Tax - Neath Port Talbot CBC	73,703	73,703	77,707
<b>TOTAL INCOME</b>	<b>288,168</b>	<b>288,168</b>	<b>304,082</b>

## Appendix 2

<b>Welsh Government Final Settlement - List of Specific Grants</b>			
			<b>£'000s</b>
<b>Portfolio and Grant Name</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Variance</b>
<b><u>Education</u></b>			
Regional Consortia School Improvement Grant	140,623	153,109	12,486
Sixth Form funding	94,617	95,722	1,105
Pupil Development Grant	92,767	101,367	8,600
Professional Learning	15,000	0	-15,000
Teachers Pay Grant 2019/20	12,018	RSG	N/A
Youth Support	10,056	10,056	0
Transition support for Minority Ethnic and Gypsy, Roma, Traveller learners	10,000	10,000	0
Costs associated with Teachers Pay	7,500	0	-7,500
PDG Access	5,154	8,354	3,200
Reducing Infant Class Sizes Grant - Revenue	5,000	6,000	1,000
Adult Community Learning	4,418	4,915	497
Additional Learning Needs Innovation Fund	3,331	3,268	-62
Small and Rural Schools Grant	2,500	2,500	0
Whole School Approach	1,526	1,500	-26
SEREN Foundation grant	655	655	0
School based supply cluster trial	350	0	-350
SEREN Academy grant	329	329	0
School Business Managers	200	0	-200
Foundation Phase Pilot (Flintshire only)	130	0	-130
Additional Learning Needs	0	7,192	7,192
Elective Home Education	0	1,500	1,500
A Healthy and Nutritious Breakfast	0	835	835
<b>TOTAL</b>	<b>406,174</b>	<b>407,302</b>	<b>1,128</b>
<b><u>Housing and Local Government</u></b>			
Children and Communities Grant(CCG)	136,442	135,442	-1,000
Housing Support Grant	123,688	123,688	0
Teachers' Pension Grant	39,112	RSG	N/A
Sustainable Waste Management Grant	18,200	16,400	-1,800
Cardiff Capital Region City Deal	10,000	10,000	0
Food and Residual Waste Treatment Gate Fee Support	9,269	13,300	4,032
Cardiff Harbour Authority	5,223	5,223	0
Affordable Housing Grant (AHG)	2,500	2,500	0
Circular Economy Funding	1,454	1,000	-454
Electoral Reform Support	1,100	1,100	0
Child Burials	600	600	0

## Appendix 2

<b>Welsh Government Final Settlement - List of Specific Grants</b>			
			<b>£'000s</b>
<b>Portfolio and Grant Name</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Variance</b>
Digital Transformation Fund	552	1,150	598
EU Support for Local Resilience Forums	500	0	-500
Support for Public Service Boards	400	400	0
South Wales Regional Aggregate Working Party (RAWP)	50	50	0
Waste Planning Monitoring Report - North Wales and South East Wales	49	50	1
Rural Housing Enabler	47	47	0
North Wales Regional Aggregate Working Party (RAWP)	25	25	0
Mid and South Wales Regional Viability Model and Assessment	19	0	-19
Waste Planning Monitoring Report - South West Wales	16	16	0
Armed Forces Day	15	20	5
<b>TOTAL</b>	<b>349,260</b>	<b>311,011</b>	<b>-38,249</b>
<b><u>Health and Social Services</u></b>			
Childcare Offer- Childcare Costs	46,150	71,973	25,823
Social Care Workforce and Sustainability Pressures Grant	30,000	40,000	10,000
Substance Misuse Action Fund	25,063	25,063	0
A Healthier West Wales (supported programmes 1, 3, 7)	4,484	7,483	2,999
Community Services - North Wales	3,732	2,041	-1,691
Childcare Offer- Administration Grant	2,500	3,031	531
Integrated early intervention and intensive support for Children, Young People and Families - North Wales	2,407	0	-2,407
Adoption Services	2,300	2,300	0
Together for Mental Health - North Wales	2,072	238	-1,834
Social Care Tasks Performed by a Registered Nurse in Nursing	1,900	RSG	N/A
Seamless Services For People with Learning Disabilities - North Wales	1,651	0	-1,651
Childcare Offer- Additional Support grant	1,500	1,506	6
National Approach to Statutory Advocacy for Children and Young People	550	550	0
Early Years Integration Transformation Programme	463	463	0
Deprivation of Liberty Safeguards (DoLS)	263	263	0
Review of the Local Authority Performance Management Framework Grant	254	220	-34
Complex Needs Funding - Substance Misuse and Mental Health	229	1,018	789
Maintaining the Delivery of the Wales Adoption Register	178	182	4
National Fostering Framework – Developing Foster Wales Brand and Marketing	100	75	-25

## Appendix 2

<b>Welsh Government Final Settlement - List of Specific Grants</b>			
			<b>£'000s</b>
<b>Portfolio and Grant Name</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Variance</b>
Drug & Alcohol Initiatives Naloxone Programme	80	80	0
Support Revision and Development of Wales Safeguarding Procedures for Adults and Children at Risk	75	0	-75
Supporting Safeguarding Boards to deliver training for the implementation of Welsh Government policy and legislation	60	72	12
Residential care homes for Children - task and finish group	50	50	0
Contact Centres	18	21	3
<b>TOTAL</b>	<b>126,079</b>	<b>156,629</b>	<b>30,550</b>
<b><u>Economy and Transport</u></b>			
Free Concessionary Bus travel	60,133	60,133	0
Bus Services Support Grant	25,000	25,000	0
Bus Revenue Support - Traws Cymru	2,530	3,187	657
Road Safety Grant	2,000	2,000	0
Arfor innovation Fund	1,000	1,000	0
Anglesey Airport - Operation & Maintenance	800	800	0
Continued support for Regional Skills Partnerships	495	495	0
Swansea Tidal Lagoon Taskforce	220	0	-220
Business Improvement District	78	0	-78
Youth Discounted Travel Scheme (My Travel Pass)	60	60	0
<b>TOTAL</b>	<b>92,316</b>	<b>92,675</b>	<b>359</b>
<b><u>Environment, Energy and Rural Affairs</u></b>			
Land Drainage and Coastal Protection	2,400	1,469	-931
Environment Act 1995 (Feasibility Study for Nitrogen Dioxide Compliance) Air Quality Direction	996	418	-578
Local Authority Animal Health and Welfare Framework Funding	200	200	0
Coastal Risk Management Programme	151	1,600	1,449
Smart Living Initiative	80	25	-55
Enforcement support to take forward legislation relating to bovine TB	63	0	-63
Non-domestic (Business) Rates Support for Hydropower	8	9	1
<b>TOTAL</b>	<b>3,899</b>	<b>3,721</b>	<b>-178</b>
<b><u>Deputy Minister and Chief Whip</u></b>			
Period Dignity in Schools	2,300	2,300	0
Violence against Women, Domestic Abuse & Sexual Violence Grant	1,938	1,938	0
Community Cohesion Grant	1,120	1,120	0

## Appendix 2

<b>Welsh Government Final Settlement - List of Specific Grants</b>			
			<b>£'000s</b>
<b>Portfolio and Grant Name</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Variance</b>
Period Dignity in Communities	220	220	0
<b>TOTAL</b>	<b>5,578</b>	<b>5,578</b>	<b>0</b>
<b><u>Culture, Sport and Tourism</u></b>			
Regional Tourism Engagement Fund (RTEF)	976	0	-976
MALD strategic grants, including Fusion	313	TBC	TBC
Specialist Service Grants	25	25	0
<b>TOTAL</b>	<b>1,313</b>	<b>25</b>	<b>-1,288</b>
<b><u>International Relations and Welsh Language</u></b>			
Promote and Facilitate the use of the Welsh Language (WLG)	314	314	0
Major Events Unit Grants Scheme	136	195	59
<b>TOTAL</b>	<b>450</b>	<b>509</b>	<b>59</b>
<b><u>Finance and Trefnydd</u></b>			
High Street and Retail Rates Relief	23,600	24,200	600
Cyber Resilience Revenue Grant	98	800	702
<b>TOTAL</b>	<b>23,698</b>	<b>25,000</b>	<b>1,302</b>
<b>All Grants</b>	<b>1,008,765</b>	<b>1,002,449</b>	<b>-6,317</b>
<b>All Grants excluding NA and RSG transfers (for like-for like comparison)</b>	<b>955,271</b>	<b>1,002,449</b>	<b>+47,178</b>

TBC – to be confirmed

N/A – amount not applicable



## Revenue Pressures and Investments

Ref	Service area	2020/21	2021/22	2022/23
		£'000	£'000	£'000
ELLL5	Home to School Transport - Welsh Medium 2nd campus	35	0	0
ELLL9a	Teachers Increased Pension contributions from 16.48% to 23.68% - Centre	80	0	0
ELLL9b	Teachers Increased Pension contributions from 16.48% to 23.68% - Schools	1,468	0	0
ELLL11	Additional Learning Needs Investment	400	500	500
ELLL14	Schools -pupil number changes	243	250	250
ELLL15	SEN transport	100	0	0
ELLL17	Out of county placements (inc transport)	166	87	0
ELLL18	Think Family Partnership and Family Information Service - staff capacity	17	0	0
ELLL21	Free School Meals - increase in free school meals take up due to protection for families on UC	100	0	0
ELLL22	Home to School transport - loss of spare seat income	28	0	0
ELLL23	School base budget - re teachers' pay and pension funded from grant in 2019/20	1,802	0	0
ELLL24	Teachers pay award Sept 19 - schools	300	0	0
ELLL25	Teachers pay award Sept 19 - centre	10	0	0
SSHH51	Residential care - above inflation increase	280	280	280
SSHH53	National Living Wage - additional contract costs	250	250	250
SSHH54	Adult Services Learning Disabilities - transition growth	200	200	200
SSHH58	Youth Offending Service - increased staffing	100	0	0

## Revenue Pressures and Investments

<b>Ref</b>	<b>Service area</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
SSHH60	Adult Services - Learning Disabilities extra placements costs	1,000	0	0
SSHH61	Adult Service - Elderly extra placement costs	414	0	0
SSHH62	Adult Services - Mental Health extra placement costs	185	0	0
ENVT26	Additional funds for LDP review for the period 2020 to 2024. £175k available in reserves	50	100	0
ENVT38	Estates - premises and other costs	30	0	0
ENVT39	Asset sponsorship reduced income	40	0	0
ENVT40	Ash Dieback Surveys, action plan & urgent work. £1.4m over 15 years	75	0	0
ENVT42	Shortfall in Sustainable Waste Management Grant	127	0	0
ENVT43	Recycling wood waste from Civic Amenity Sites	140	0	0
ENVT44	Refuse collection change in service provision	45	0	0
ENVT47	Car parks NNDR	28	0	0
ENVT48	Metal Box Running costs	360	0	0
ENVT50	Gypsy site additional running costs	40	0	0
ENVT51	Civic Building above inflation electricity increase	20	0	0
CORP17	Housing Benefit Admin Subsidy Grant reductions	25	25	25
CORP19	Procurement Online Resources - Current Sell to Wales and e-tendering services possible end of WG payment	0	40	0
CORP21	ICT Microsoft Licence	50	50	0
CORP22	Procurement - additional resources to manage increased Social Services and Environment contract work	55	5	0

## Revenue Pressures and Investments

Ref	Service area	2020/21	2021/22	2022/23
		£'000	£'000	£'000
CORP23	Performance Management and Risk Management system - 3 year license expires mid 2020 (previously funded from reserves).	40	0	0
CORP24	Domestic Violence Advice Service IDVA worker	38	0	0
CORP25	Administration of City Deal Scrutiny Committee work	28	0	0
CORP26	Coroner - increase in post mortem fees	20	0	0
CORP27	Welsh Translation- increased work volume in Democratic and Corporate Services	20	0	0
OTH009	New Green Book pay scale additional costs	150	250	250
OTH010	Increase in standby allowances agreed from December 2019.	151	0	0
OTH011	Contingency for additional pay award	1,300	0	0
CONT1	General Contingency	586	2,000	2,000
CONT7	Capital financing costs re 21st Century Schools Band B investment	0	0	800
	<b>TOTAL</b>	<b>10,596</b>	<b>4,037</b>	<b>4,555</b>

Ref	Board	Description	Lead	Main Impacts	Net Budget 2019/20	% saving	2020/21 £000	2021/22 £000	2022/23 £000
ELLL 707	ES&C	Pontardawe Arts Centre - Reduce Subsidy	Andrew Thomas	Operating cost savings and increased income from establishing a cinema which has an updated opening date early in the 2021/22 financial year. Capital investment support being sought from the Arts Council for Wales, the Friends of Pontardawe Arts Centre and the Council.	176	51%	0	90	0
ELLL 1002	ES&C	Management & Admin	Andrew Thomas	Deletion of vacant post in Data Unit	1,107	2%	25	0	0
ELLL 1003	ES&C	Cleaning services	Chris Millis	Movement toward full cost recovery of cleaning service over a 3 year period, to be funded by schools	166	100%	55	55	56
ELLL 1004	ES&C	School transport - out of county	Chris Millis	Pupils leaving out of county placements	268	38%	71	30	0
SSHH 1001	SCHWB	Savings re Adult Family Placement fees	Angela Thomas	Adult Family Placements (AFP) match vulnerable adults that need support to live independently in the community with approved hosts. Savings will be achieved by expanding the use of AFP as an alternative to specialist care homes.	14,753	0%	20	0	0

Ref	Board	Description	Lead	Main Impacts	Net Budget 2019/20	% saving	2020/21 £000	2021/22 £000	2022/23 £000
SSHH 1002	SCHWB	Contributions from Health Board towards the cost of continuing health care packages	Angela Thomas	NPT to contribute 50% of cost less service user contribution. Increased cost will fall on Swansea Bay UHB. Net saving following additional investment of £80k to take legal advice and recover debt. This has no impact on service users.	28,630	0%	28	0	0
SSHH 1003	SCHWB	Increased income from service users	Angela Thomas	Increased number of service users resulting in increased income from service user contributions.	28,630	0%	20	0	0
SSHH 1004	SCHWB	Early Intervention and Prevention (Building Safe & Resilient Communities).	Angela Thomas	Low level care provided by the community. Support the development of community activity and volunteering opportunities, to prevent/delay the need for statutory service intervention	48,220	0%	50	0	0
SSHH 1005	SCHWB	Reduction in NPT's contribution to the Joint Equipment Service	Angela Thomas	The contribution rate is based on usage of the equipment service, but will vary if usage increases.	451	2%	10	0	0
SSHH 1006	SCHWB	Accommodation	Angela Thomas	Accommodation savings due to reduction in the number of teams in Cimla hospital has led to a reduced service charge	95	21%	20	0	0

Ref	Board	Description	Lead	Main Impacts	Net Budget 2019/20	% saving	2020/21 £000	2021/22 £000	2022/23 £000
SSHH 1007	SCHWB	Savings from external contracts	Angela Thomas	Savings from external contracts. Cancel or reduce service level agreements with providers that are not delivering value for money.	48,220	0%	40	0	0
SSHH 1008	SCHWB	Staff turnover savings	Angela Thomas/Keri Warren	Staff vacancy management savings	37,584	0%	100	0	0
SSHH 1009	SCHWB	Savings achieved in 2019/20 rolling into 2020/21 from reduced number of Looked After Children	Keri Warren	Continue to implement and manage the LAC strategy. Ensure that only those children who need to be in care are admitted and remain, and that those in care will always remain a top priority	21,252	1%	250	0	0
SSHH 1010	SCHWB	Savings in legal budgets	Keri Warren	Reduced number of Looked After Children enabling savings from a reduction in commissioned reports and use of external legal services for court proceedings.	480	21%	100	0	0
ENVT 1001	R&SD	Planning Policy	Nicola Pearce	Various expenditure savings	311	2%	5	0	0
ENVT 1002	R&SD	Countryside & Wildlife	Nicola Pearce	Income generation and expenditure savings	274	3%	8	0	0
ENVT 1003	R&SD	Building regulations and Business Support Unit	Nicola Pearce	Removal of vacant post	267	9%	25	0	0

## Budget Savings, Cuts and Income Generation

## Appendix 4

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Ref	Board	Description	Lead	Main Impacts	Net Budget 2019/20	% saving	2020/21 £000	2021/22 £000	2022/23 £000
ENVT 1004	S&E	Road Safety Driver Training Programme	David Griffiths	Increase income	244	4%	10	0	0
ENVT 1005	S&E	Parking Mobile Enforcement	David Griffiths	Increase operational hours of mobile vehicle to generate more income	-447	-2%	10	0	0
ENVT 1006	R&SD	Public Conveniences	Simon Brennan	Savings from removal of NNDR costs	165	5%	8	0	0
ENVT 1007	R&SD	Sandfields Young Business Centre	Simon Brennan	Increase income from rent	-7	-91%	6	0	0
ENVT 1008	R&SD	Estates	Simon Brennan	Increase income from rent	618	3%	20	0	0
ENVT 1009	R&SD	Building Maintenance	Simon Brennan	Reduce expenditure	1,734	1%	25	0	0
CORP 702	CAB	ICT Staff reductions	Karen Jones	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.	4,022	4%	160	0	0
CORP 902	CAB	Reduce management cost - Asst. Chief Exec and Digital Services Division	Karen Jones	Management review following staff turnover	8,158	1%	30	30	0

Ref	Board	Description	Lead	Main Impacts	Net Budget 2019/20	% saving	2020/21 £000	2021/22 £000	2022/23 £000
CORP 903	CAB	Digital strategy - further transformation of customer services	Karen Jones	Following success of the Digital strategy this has enabled further remodelling of customers to reflect a shift in customer volumes between face to face, online and telephone channels. This will mean a gradual reduction in face to face services. Automation of telephone calls at contact Centre Service leading to a reduction in the number of jobs	662	10%	36	30	0
CORP 904	CAB	Income generation - info asset sponsorship - implementing the corporate communications and community relations strategy	Karen Jones	Income Generation and Digital Strategy - Introduce targeted sponsorship and advertising policy for the Council's information assets, based on ethically and commercially sound policy. The business case is being developed and is likely to require pump prime funding i.e. invest to save.	313	26%	0	30	50



Ref	Board	Description	Lead	Main Impacts	Net Budget 2019/20	% saving	2020/21 £000	2021/22 £000	2022/23 £000
CORP 905	CAB	Income generation - working towards a self-financing CCTV service	Karen Jones	Revisit the 2015 options appraisal to identify a strategy that can reduce/eliminate the Council subsidy for this non statutory service. Capital investment will be required to ensure the service can satisfy insurance, business continuity and service requirements	235	51%	0	40	80
CORP 906	CAB	Income generation - refocus the communications, community relations, customer services to promote Council services & functions	Karen Jones	Market the Council's services and functions to staff and the external customer base to increase participation in paid for services.	313	38%	20	40	60
CORP 1001	CAB	Staff reductions - Business Support	Craig Griffiths	Following retirement, operating hours of new role reduced from 37 to 30. Service efficiency affected, but limited effect on staff and service delivery.	2,242	0%	5	0	0

Budget Savings, Cuts and Income Generation

Appendix 4

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Ref	Board	Description	Lead	Main Impacts	Net Budget 2019/20	% saving	2020/21 £000	2021/22 £000	2022/23 £000
CORP 1002	CAB	Staff reductions	Craig Griffiths	Post deleted when paralegal leaves the team in June 2020 to commence a training contract. Reduced support to solicitors, workload to be absorbed by solicitors.	2,242	1%	21	6	0
CORP 1003	CAB	Staff reductions	Craig Griffiths	Delete Licensing Section vacant post	2,242	1%	15	0	0
CORP 1004	CAB	Reduction in Legal services Resources	Craig Griffiths	Rely on other methods of research and in house IT system development. Potential reduction in resources available to fee earners. Training to be provided to access alternative resources.	38	26%	0	10	0
CORP 1005	CAB	Legal Services increased income	Craig Griffiths	Registrars - increased income from approved premises and online services. Legal services - increased income from Traffic Order charges to utility companies, third parties, Town Councils, land charges via new Environmental Information Regulations (EIR) charging structure and Procurement team support to organisations	178	11%	14	5	0

Ref	Board	Description	Lead	Main Impacts	Net Budget 2019/20	% saving	2020/21 £000	2021/22 £000	2022/23 £000
CORP 1006	CAB	Deletion of vacant post in Financial Services	Huw Jones	Work has already been re-organised to mitigate against most of the reduction in staffing with further changes in 20/21 following Voluntary Retirement.	5,186	4%	190	0	0
CORP 1007	CAB	HR staff reductions	Sheenagh Rees	Restructuring took place following VR in March 2019, and work has been redistributed.	2,186	2%	42	0	0
CORP 1008	CAB	Learning, training & Development staff reduction	Sheenagh Rees	Restructuring took place following VR in September 2019, and work has been redistributed.	810	3%	24	0	0
CORP 1009	CAB	Health & safety - removal of British Standard Occupational Health and Safety 18001 accreditation	Sheenagh Rees	Internal cross cutting audit will replace the OHSAS 18001 accreditation	10	100%	10	0	0
OTHER 1001	CAB	Savings in Capital financing budget	Huw Jones	Control expenditure and new borrowings within budget	0	0%	500	0	0
<b>Total</b>							<b>1,973</b>	<b>366</b>	<b>246</b>

Description	Reserve at 1st April 2019	Net Movements 2019/20	Balance at 31 Mar 2020	Net Movements 2020/21	Balance at 31 Mar 2021
	£000	To/From £000	£000	To/From £000	£000
<b>EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>					
<i>Delegated Schools Reserves</i>					
ERVR Primary	Cr 13	Cr 1	Cr 14	Cr 0	Cr 15
Primary Schools Reserve	Cr 1,493	0	Cr 1,493	0	Cr 1,493
Secondary Schools Reserve	377	0	377	0	377
Special Schools Reserve	0	0	0	0	0
Repairs and Maintenance Reserve	Cr 161	0	Cr 161	0	Cr 161
	Cr 1,291	Cr 1	Cr 1,292	Cr 0	Cr 1,292
<i>Education, Leisure and Lifelong Learning</i>					
Margam Discovery Centre - Building Maintenance Reserve	0	Cr 50	Cr 50	Cr 50	Cr 100
Equalisation Account-Education	Cr 870	40	Cr 831	200	Cr 631
Home to School Transport	Cr 36	Cr 75	Cr 111	0	Cr 111
	Cr 906	Cr 86	Cr 992	50	Cr 942
<b>Total Education Leisure &amp; Lifelong Learning</b>	<b>Cr 2,197</b>	<b>Cr 87</b>	<b>Cr 2,284</b>	<b>150</b>	<b>Cr 2,134</b>
<b>SOCIAL SERVICES, HEALTH &amp; HOUSING</b>					
Homecare ECM Equipment Reserve	Cr 63	Cr 10	Cr 73	Cr 10	Cr 83
Community Care Transformation Reserve	Cr 108	0	Cr 108	102	Cr 6
Social Services Equalisation	Cr 740	0	Cr 740	321	Cr 419
Hillside General Reserve	Cr 1,092	818	Cr 274	0	Cr 274
Youth Offending Service - Equalisation	Cr 153	0	Cr 153	0	Cr 153
Adoption Service	Cr 100	0	Cr 100	0	Cr 100
<b>Total Social Services Health &amp; Housing</b>	<b>Cr 2,256</b>	<b>808</b>	<b>Cr 1,448</b>	<b>413</b>	<b>Cr 1,034</b>

Description	Reserve at 1st April 2019	Net Movements 2019/20	Balance at 31 Mar 2020	Net Movements 2020/21	Balance at 31 Mar 2021
	£000	To/From £000	£000	To/From £000	£000
<b>ENVIRONMENT</b>					
Concessionary Fare - Bus Pass Replacement Reserve	Cr 152	0	Cr 152	60	Cr 92
Asset Recovery Incentive Scheme	Cr 126	0	Cr 126	0	Cr 126
Local Development Plan	Cr 157	Cr 18	Cr 175	106	Cr 69
Economic Development	Cr 1	0	Cr 1	0	Cr 1
Winter Maintenance Reserve	Cr 764	10	Cr 754	0	Cr 754
Baglan Bay Innovation centre -Dilapidation Reserve	Cr 78	0	Cr 78	0	Cr 78
Renewable Energy Reserve	Cr 7	0	Cr 7	0	Cr 7
Environmental Health - Housing Equalisation	Cr 20	Cr 117	Cr 137	137	0
Workways NPT Reserve	Cr 125	0	Cr 125	0	Cr 125
Environment Equalization Reserve	Cr 604	201	Cr 403	182	Cr 221
Operating Accounts Equalization	Cr 36	0	Cr 36	0	Cr 36
Vehicle Tracking	Cr 92	0	Cr 92	47	Cr 45
Operating Accounts - Vehicle Renewals	Cr 1,728	641	Cr 1,087	149	Cr 938
<b>Total Environment</b>	<b>Cr 3,889</b>	<b>717</b>	<b>Cr 3,173</b>	<b>681</b>	<b>Cr 2,492</b>
<b>FINANCE AND CORPORATE SERVICES</b>					
Elections Equalisation Fund	Cr 240	0	Cr 240	Cr 15	Cr 255
Health & Safety / Occupational Health	Cr 41	0	Cr 41	0	Cr 41
Development Fund for Modernisation	Cr 115	0	Cr 115	0	Cr 115
IT Renewals Fund	Cr 1,298	655	Cr 643	445	Cr 198
Corporate Equalisation Reserve	Cr 532	46	Cr 486	465	Cr 21

Description	Reserve at 1st April 2019	Net Movements 2019/20	Balance at 31 Mar 2020	Net Movements 2020/21	Balance at 31 Mar 2021
	£000	To/From £000	£000	To/From £000	£000
Building Capacity	Cr 184	0	Cr 184	75	Cr 109
Voluntary Organisation Reserve	Cr 17	4	Cr 13	0	Cr 13
<b>Total Finance and Corporate Services</b>	<b>Cr 2,427</b>	<b>705</b>	<b>Cr 1,722</b>	<b>970</b>	<b>Cr 752</b>
<b>COUNCIL RESERVES</b>					
Insurance Reserve	Cr 9,043	2,737	Cr 6,306	0	Cr 6,306
Swansea Bay City Deal	Cr 75	0	Cr 75	0	Cr 75
Income Generation Reserve	Cr 716	62	Cr 654	104	Cr 550
Member Community Fund	Cr 547	207	Cr 340	Cr 100	Cr 440
Community Resilience Fund	Cr 2,000	0	Cr 2,000	0	Cr 2,000
Housing Warranties	Cr 220	0	Cr 220	0	Cr 220
Fire Authority Reserve	Cr 10	10	0	0	0
Pantteg Landslip Reserve	Cr 500	0	Cr 500	0	Cr 500
Waste Reserve	Cr 393	0	Cr 393	0	Cr 393
LAWDC Contingency Reserve	Cr 1,005	0	Cr 1,005	0	Cr 1,006
Schools IT Equalisation (HWB)	0	Cr 250	Cr 250	163	Cr 87
Corporate Contingency	0	Cr 2,200	Cr 2,200	48	Cr 2,152
Treasury Management Equalisation Reserve	Cr 6,826	500	Cr 6,326	0	Cr 6,326
ERVR - Transitional Reserve	Cr 4,818	0	Cr 4,818	0	Cr 4,818
Accommodation Strategy	Cr 2,274	0	Cr 2,274	250	Cr 2,024
<b>Total Council Reserves</b>	<b>Cr 28,427</b>	<b>1,065</b>	<b>Cr 27,361</b>	<b>465</b>	<b>Cr 26,897</b>

Description	Reserve at 1st April 2019	Net Movements 2019/20	Balance at 31 Mar 2020	Net Movements 2020/21	Balance at 31 Mar 2021
	£000	To/From £000	£000	To/From £000	£000
<b>JOINT COMMITTEES</b>					
Workways Regional Reserve	Cr 66	0	Cr 66	0	Cr 66
Environment Legacy Reserve (SWTRA)	Cr 60	0	Cr 60	0	Cr 60
Substance Misuse Area Planning Board	Cr 41	4	Cr 37	0	Cr 37
WB Safeguarding Board Reserve	Cr 109	0	Cr 109	0	Cr 109
Intermediate Care Pooled Fund	Cr 43	0	Cr 43	0	Cr 43
<b>Total Joint Committee Reserves</b>	<b>Cr 319</b>	<b>4</b>	<b>Cr 315</b>	<b>0</b>	<b>Cr 315</b>
<b>GRAND TOTAL - SPECIFIC RESERVES</b>	<b>Cr 39,515</b>	<b>3,213</b>	<b>Cr 36,302</b>	<b>2,679</b>	<b>Cr 33,623</b>

	<b>Original 2019/20</b>	<b>Revised 2019/20</b>	<b>Estimate 2020/21</b>	<b>Estimate 2021/22</b>	<b>Estimate 2022/23</b>	<b>Estimate 2023/24</b>
<b>Opening balance 1st April</b>	<b>Cr 19,714</b>	<b>Cr 20,968</b>	<b>Cr 19,128</b>	<b>Cr 17,883</b>	<b>Cr 18,298</b>	<b>Cr 18,723</b>
Council Tax increased income	Cr 1,000	Cr 1,340	Cr 1,300	Cr 1,000	Cr 1,000	Cr 1,000
Capital – Phase II Accommodation financing costs	180	180	170	160	150	140
Doubtful Debt Provision	200	200	200	200	200	200
Contributions to the Economic Development Fund	200	180	200	200	200	200
Community Councils Grant Scheme	25	25	25	25	25	25
Transfer to Members Community Fund Reserve	0	340	300	0	0	0
Contribution to Revenue Budget	2,255	2,255	1,650	0	0	0
<b>Estimated Closing balance 31st March</b>	<b>Cr 17,854</b>	<b>Cr 19,128</b>	<b>Cr 17,883</b>	<b>Cr 18,298</b>	<b>Cr 18,723</b>	<b>Cr 19,158</b>



## INTEGRATED IMPACT ASSESSMENT (IIA)

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

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

## 1. Details of the initiative

	<b>Title of the Initiative:</b> Budget 2020/2021
<b>1a</b>	<b>Service Area:</b> Services as identified across the directorates
<b>1b</b>	<b>Directorate:</b> All
<b>1c</b>	<p><b>Summary of the initiative:</b></p> <p>The Council is legally required to produce a balance budget. In setting its budget the Council utilises funding received via the financial settlement from the Welsh Government including share of Non Domestic Rates, additional grants for specific service areas along with income from council tax.</p> <p>Investing significantly in services which protect the most vulnerable within the County Borough, as reflected in the Council's wellbeing objectives, has been a top priority for the Council over recent years and 2020/21 is no different.</p> <p>The Council's budget settlement from the Welsh Government for 2020/21 was the first above inflation settlement</p>

## INTEGRATED IMPACT ASSESSMENT (IIA)

Tudalen80

	<p>since 2007/08 and shows an increase of +4.5%. Despite this improved settlement the Council still needs to make savings of £1.973m, use £1.65m of its Reserves and increase Council Tax by a proposed 3.79% in order to produce a balanced budget.</p> <p>For completeness, previous years' budget saving proposals (which are due to be realised in 2020/21 and beyond) were included as part of the consultation but as these were assessed previously they do not form part of this current assessment.</p> <p>The final Budget report proposes a net Budget of £304.082m with some changes to the original draft proposals including a reduction in the council tax increase from 5% to 3.79%, withdrawal of the reduction in management fee for leisure services and re-profiling of the proposed savings related to Pontardawe Arts Centre and School Cleaning Service.</p>
<b>1d</b>	<p><b>Who will be directly affected by this initiative?</b></p> <p>Residents of and visitors to Neath Port Talbot. Staff and service users of Neath Port Talbot County Borough Council.</p>
<b>1e</b>	<p><b>When and how were people consulted?</b></p> <p>A wide range of engagement and consultation activities have taken place between 10<sup>th</sup> January 2020 and 4<sup>th</sup> February 2020.</p> <ul style="list-style-type: none"> <li>• <b>Overarching public consultation</b></li> <li>• <b>Internal consultation</b></li> <li>• <b>Stakeholder consultation</b></li> <li>• <b>Written responses from external organisations.</b></li> </ul>

## INTEGRATED IMPACT ASSESSMENT (IIA)

Tudalen81

	<p>To help ensure that the consultation was as widely available as possible, there were 4 mechanisms by which people could submit their views:</p> <ul style="list-style-type: none"> <li>• <b>Online - a self-completion questionnaire was published on the Council’s website.</b></li> <li>• <b>Paper Questionnaires in public buildings - consultation packs were made available in 37 public buildings across the county borough; including the One Stop Shops in Neath and Port Talbot, Community Centres and all Council run and community libraries. The questionnaire in these packs was a replica of the online version and responses were entered into ‘SNAP’ survey software for analysis.</b></li> <li>• <b>Email – Respondents were also able to submit their views via email to nptbudget@npt.gov.uk, the Leader or to Directors.</b></li> <li>• <b>Corporate social media accounts – the Council’s corporate Facebook and Twitter accounts were monitored for feedback on the draft budget proposals.</b></li> </ul> <p>Further detailed information on the consultation arrangements for the draft budget proposals is attached as a separate appendix to the Budget 2020/21 report.</p>
1f	<p><b>What were the outcomes of the consultation?</b></p> <p>There were eighty responses to the comments and suggestions in relation to the Budget proposals for 2020/21, seventy seven in the form of questionnaires, two letters and one formal response. In addition there were a small number of responses received via social media. The majority of comments received related to the proposal to increase Council Tax by 5%.</p> <p>Of all respondents completing the equalities questions:</p> <ul style="list-style-type: none"> <li>• <b>54% of respondents were women, no respondents identified as transgender</b></li> <li>• <b>87% of respondents were from a White British background</b></li> <li>• <b>75% of respondents identified as being Welsh</b></li> <li>• <b>21% of respondents considered they had a disability</b></li> </ul>

## INTEGRATED IMPACT ASSESSMENT (IIA)

Tudalen82

- **56% of respondents stated they had no religion**
- **67% of respondents had little or no knowledge of Welsh while 14% were fluent/fairly fluent Welsh speakers/ writers/readers**

59% respondents disagreed with some of the proposals while 18% agreed with some proposals.

The main issue that respondents disagreed with was the proposal to raise Council Tax by 5%. The reasons consultees disagreed with this proposal can be generally grouped into two themes 1) Can't afford to pay an extra 5% and 2) We already pay enough Council Tax, with comparisons made to other Councils.

Other proposals which consultees disagreed with were:

ELLL1003 – Cleaning Services moving towards full cost recovery where it was noted that the additional cost would need to be met from schools delegated budgets.

### **Changes to original proposals**

As a result of the consultation responses received and feedback from Scrutiny Committee Meetings the following changes to the original proposals have been made:

Council Tax Increase – The final proposal is for a Council Tax increase of 3.79% reduced from the original proposed 5%.

## INTEGRATED IMPACT ASSESSMENT (IIA)

Other changes are detailed below:

- ELLL707 – Pontardawe Arts. This proposal has been delayed for 12 months due to a delay in delivering a Cinema project on which the increased income was predicated.
- ELLL1001 – Leisure Trust, Reduction in Management Fee. This proposal have been withdrawn
- ELLL1003– Cleaning Services. The proposal has been amended to realise savings over a three year period. The proposed savings for 2020/2021 is reduced from £80k to £55k

**2. Evidence****What evidence was used in assessing the initiative?**

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

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

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

## INTEGRATED IMPACT ASSESSMENT (IIA)

**3. Equalities****a) How does the initiative impact on people who share a protected characteristic?**

Protected Characteristic	Why will it have this impact?
<p>Tudalen84</p> <p>Age Disability Gender reassignment Marriage &amp; civil partnership Pregnancy and maternity Race Religion or belief Sex Sexual orientation</p>	<p>The legal requirement to set a balanced budget has again been tested. Although the budget settlement for 2020/21 was considerably better than anticipated there remains a gap of £3.6m between funds available to the Council for 2020/21 and the estimates that the Council need to spend.</p> <p>Although the Council continues to look to protect those most vulnerable within the community it is becoming more challenging. The Council is committed to prioritising investment in schools and educating children by increasing its investment in schools as demonstrated by a 4.5% increase in the Delegated Budgets for Schools.</p> <p>An increase in funding for other Education Leisure and Lifelong Learning Services will help to protect services to vulnerable families and children as well as funding increased capacity following the roll out of the Additional Learning Needs Legislation.</p> <p>Investment in children’s and adult social services, including additional monies from Welsh Government specific grants will continue to support people with learning disabilities and general provision towards care package costs.</p> <p>However, even with this investment there is an anticipated shortfall which will be met through the use of the Council’s reserves of £1.65m and savings/cuts and income generation</p>

## INTEGRATED IMPACT ASSESSMENT (IIA)

Tudalen85

of £1.973m.

First stage Integrated Impact Assessments were prepared for all new savings proposals and included in reports to relevant Scrutiny Committees. These initial assessments did not identify that full Integrated Impact Assessments were required. Some proposals will continue to be worked on into 2020/21 and where appropriate a separate report setting out the relevant impacts will be prepared for consideration, review and approval by the relevant Scrutiny Committee and Cabinet Board.

The proposals relating to primarily internal arrangements e.g. reductions in office expenditure, vacancy management, etc., are considered to have an impact on staff. Due to the relatively nature of the savings proposals it is considered that the impact will be low.

However, it is possible that proposals in relation to the reduction in the number of posts/vacancy management may impact to a greater extent on staff, with reduced opportunities for progression, less higher paid posts and increased workloads for remaining staff. This is likely to be felt particularly by staff in part time posts, predominantly women (43% of the total workforce), who are likely to also have caring responsibilities (principally in social services and education where historically there has been significantly higher numbers).

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.

## INTEGRATED IMPACT ASSESSMENT (IIA)

Tudalen86

Positive impacts are likely with timely and effective interventions in relation to social services allowing potential service users to identify and access community provision to meet their needs at an earlier stage. This could help extend an individual's independence and reduce social isolation while delaying access to social services.

The impact of the proposed council tax increase will be felt by all households across the county borough. However, the Council Tax support scheme will continue to provide support to 17,000 of the most financially disadvantaged council tax payers so helping to alleviate any negative impact.

#### **Post Consultation**

It is not anticipated that the delivery of the £1.973m proposed savings will have a negative impact on the services provided across the County Borough. Responses received during the consultation were not generally opposed to the savings/income generation proposals and there was no evidence that any of the proposals impacted negatively on groups with protected characteristics.

The draft budget consultation included a proposed Council Tax increase of 5%. Having taken account of the consultation responses the final proposals now include a Council Tax increase of 3.79%.

Other amendments were made to the savings proposals as a result of responses to the consultation; these are detailed in section 1 of this document.



INTEGRATED IMPACT ASSESSMENT (IIA)

<b>What action will be taken to improve positive or mitigate negative impacts?</b>
Officers will continue to monitor the budget savings proposals throughout the consultation process as well as any suggestions received from stakeholders/the public to determine if amendments can be made to improve positive impacts or lessen negative impacts.

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

<b>Public Sector Equality Duty (PSED)</b>	<b>Why will it have this impact?</b>
To eliminate discrimination, harassment and victimisation	<p>The Council continues to be aware of its position as employer, provider and commissioner of services and to this end strives to ensure its ability to meet its legal obligations.</p> <p>To this end the identification of budget reductions 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.</p> <p>With ever decreasing budgets it is inevitable that these will continue to have significant</p>

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INTEGRATED IMPACT ASSESSMENT (IIA)

Tudalen88

<p>To advance equality of opportunity between different groups</p>	<p>impact on children and young people and those most vulnerable within our communities. Due to the relatively low amount of savings/cuts required for 2020/21 the impact next year is not as great as it may have been in earlier years. Consequently the Council continues to prioritise its work to protect, and where ever possible to alleviate the impact of savings on, these groups.</p> <p>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.</p>
<p>To foster good relations between different groups</p>	<p>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 is likely to ensure future service sustainability.</p> <p>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.</p>

## INTEGRATED IMPACT ASSESSMENT (IIA)

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

Officers will continue to monitor the budget savings proposals throughout the consultation process as well as any suggestions received from stakeholders/the public to determine if amendments can be made to improve positive impacts or lessen negative impacts.

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

Tudalen89

	<b>Why will it have this impact?</b>
Community Cohesion	Whilst it is unlikely that the 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.
Social Exclusion	Whilst it is unlikely that the proposals will in themselves have significant impact on social exclusion in the short term there is a likelihood that long term impacts could be possible with changes to services.
Poverty	<p>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.</p> <p>The Council's Wellbeing Objectives aim to help improve the wellbeing of children, young people and adults as well as the general wellbeing of the area by developing the local</p>

## INTEGRATED IMPACT ASSESSMENT (IIA)

Tudalen90

	<p>economy and environment and consequently the Council continues to work in partnership to mitigate the impact of the welfare benefit changes and ongoing budgetary uncertainty.</p> <p>The Council continues to work on an anti-poverty agenda including:</p> <p><b>Anti-poverty strategy</b> -development of a multi-agency strategy to outline what needs to be done to improve the lives of those living on a low income in Neath Port Talbot.</p> <p><b>Costs of the school day</b> - On Tuesday 28 January 2020 schools in Neath Port Talbot joined the £2million National Lottery-backed UK Costs of the school day project to support children’s learning and ease financial pressure on parents. Over the next three years the Child Poverty Action Group will work with partners Children North East to “poverty-proof” our schools.</p> <p><b>Food Poverty Grant Funding (WG)</b> - to extend existing food bank provision and support the increasing number of people facing food poverty.</p>
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**What action will be taken to improve positive or mitigate negative impacts?**

Officers will continue to monitor the budget savings proposals throughout the consultation process as well as any suggestions received from stakeholders/the public to determine if amendments can be made to improve positive impacts or lessen negative impacts.

## INTEGRATED IMPACT ASSESSMENT (IIA)

## 5. Welsh

	+	-	+/-	Why will it have this effect?
What effect does the initiative have on: – <b>people’s opportunities to use the Welsh language</b>		✓		The Council currently has relatively small numbers of staff with Welsh language skills. Some budget proposals will result in reductions in staff numbers however it is not envisaged that a disproportionate number of these will be Welsh speakers. Opportunities for staff to use their language skills will continue to be promoted and training will continue to be made available.
– <b>treating the Welsh and English languages equally</b>	✓			Even with the various proposals the Council’s commitment to the principles as embodied in the Welsh Language Measure (2015) and the standards in particular will continue so that the Welsh language is treated no less favourably than the English language

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What action will be taken to improve positive or mitigate negative impacts?
Officers will continue to monitor the budget savings proposals throughout the consultation process as well as any suggestions received from stakeholders/the public to determine if amendments can be made to improve positive impacts or lessen negative impacts.

## INTEGRATED IMPACT ASSESSMENT (IIA)

**6. Biodiversity**

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

<b>Biodiversity Duty</b>	+	-	+/-	<b>Why will it have this impact?</b>
To maintain and enhance biodiversity				Unknown. There is no clear route to demonstrate either positive or negative impact on biodiversity; however, some savings have the potential to have knock on impacts on the biodiversity resource of the County Borough.
To promote the resilience of ecosystems, i.e. supporting protection of the wider environment, such as air quality, flood alleviation, etc.				Unknown. There is no clear route to demonstrate either positive or negative impact on the resilience of ecosystems; however, some savings have the potential to have knock on impacts on the ecosystem resilience of the County Borough.

## INTEGRATED IMPACT ASSESSMENT (IIA)

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

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

**7. Wellbeing of Future Generations**

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

Ways of Working	Details
i. <b>Long term</b> – looking at least 10 years (and up to 25 years) ahead	The proposals themselves have been developed to address savings required to set a balanced budget for 2020/21 and to prepare a medium term budget to cover 2021/22 to 2023/24 and to show affordability and sustainability in the decision making process. However, it is impossible to predict budgets for the longer term particularly with unknown National and Welsh Government funding levels.
ii. <b>Prevention</b> – preventing problems occurring or getting worse	Proposals have been developed to help prevent intensifying current financial issues in the future. By preparing a medium term budget outlook the Council is mindful of the need to deliver statutory functions as well as considering its wider service provision which contribute to the wellbeing of its citizens.

## INTEGRATED IMPACT ASSESSMENT (IIA)

	Proposals include protection for some services that enable early intervention and prevention activities that reduce demand on public services whilst promoting wellbeing, for example in social services.
iii. <b>Collaboration</b> – working with other services internal or external	The Council has worked hard, with its partners, to strike the right balance in its overall proposals. Integrated services that have been established to deliver more joined up services have been protected. Further collaboration with partners, particularly with the review of welfare service provision will help deliver more effective services for those who are financially disadvantaged in the area.
iv. <b>Involvement</b> – involving people, ensuring they reflect the diversity of the population	There has been limited involvement of people in identifying the budget and savings proposals. There has been involvement in engagement and consultation exercises in which staff, members, public, stakeholders and partners have participated.
v. <b>Integration</b> – making connections to maximise contribution to:  <b>Council's wellbeing objectives</b>	<p>There has been some protection given to a number of areas which are reflected in the Council's well-being objectives; to improve the well-being of children and young people; to improve the well-being of all adults who live in the county borough and to develop the local economy and environment so that the well-being of people can be improved.</p> <p>The financial settlement and the specific grants that underpin Council services (relating to children and young people, adult learning and sustainable waste) are key to the delivery of the Council's wellbeing objectives thereby having a positive impact.</p> <p>The proposals will help ensure the business of the Council is managed to maximise the long term benefit for the citizens of Neath Port Talbot (the crosscutting objective</p>



INTEGRATED IMPACT ASSESSMENT (IIA)

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

**9. Monitoring Arrangements**

Provide information on the monitoring arrangements to:

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

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

## INTEGRATED IMPACT ASSESSMENT (IIA)

**10. Assessment Conclusions**

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

	<b>Conclusion</b>
<b>Equalities</b>	The impact of the proposals on service users is mixed. There are positive impacts in relation to the early intervention and prevention work in social services predominantly for older and disabled people, along with the potential negative impacts on younger people, those on low incomes as well as older and disabled people in relation to increased fees and charges and the indirect impact of staff reductions. It is recognised that some of the proposals may impact on staff however these are considered to be minimal and the Council will continue to work with Trade Unions to mitigate any potential impact.
<b>Welsh</b>	With the reduction in the number of staff across various services there is a strong possibility 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. However, opportunities for remaining staff to use their language skills will continue to be promoted and training will continue to be made available
<b>Bio</b>	There is no clear route to demonstrate either positive or negative impact on biodiversity or the resilience of ecosystems, however, some savings have the potential to have knock on impacts on the biodiversity resource of the County Borough.
<b>WBFG</b>	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.

## INTEGRATED IMPACT ASSESSMENT (IIA)

**Overall Conclusion**

The Council has ensured that its consultation has been available to 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.

Given the relatively small amount of savings required for 2020/21 it was considered that there would not be any significant impact for the general population or for those who share protected characteristics. This was borne out by the feedback received during the consultation period.

As stated previously, the proposed increase in council tax was identified as being the main concern for most respondents (on financial grounds) and following consideration, this, along with some other proposals, have been amended.

The Council will be investing £442m gross and £304m net in services across the County Borough in 2020/21. In order to balance the budget it has had to reduce its Service Budgets by £1.973m and is proposing to use £1.65m from General Reserves.

## INTEGRATED IMPACT ASSESSMENT (IIA)

**11. Actions**

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

Tudalen98

<b>Action</b>	<b>Who will be responsible for seeing it is done?</b>	<b>When will it be done by?</b>	<b>How will we know we have achieved our objective?</b>
Undertake public consultation on draft budget proposals	Director of Finance and Corporate Services	Between 10 <sup>th</sup> January 2020 and 4 <sup>th</sup> February 2020	<ul style="list-style-type: none"> <li>• Consultation responses received</li> </ul>
Consider consultation responses and amend proposals where appropriate	Senior Management Teams	During and at the conclusion of the consultation	<ul style="list-style-type: none"> <li>• Revised budget report, including any proposed amendments, for consideration at Cabinet, Cabinet Scrutiny and Council</li> </ul>
Monitoring will continue, to ensure any adverse impacts upon the general public, including service users, are acknowledged and acted upon appropriately	Heads of Service/Service Managers	During 2020/21	<ul style="list-style-type: none"> <li>• Impacts have been identified and addressed where appropriate.</li> <li>• Monitoring will be reported, when necessary, to the appropriate Cabinet Board/ Scrutiny Committee.</li> <li>• The Budget setting process for 2021/22 will be informed by these monitoring activities</li> </ul>

# 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
<b>General Health</b>		
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.

## CONSULTATION SUMMARY

### PUBLIC CONSULTATION ON COUNCIL'S DRAFT BUDGET SETTING PROCESS 2020/21

#### 1.0 Background

- 1.1 On 10<sup>th</sup> January 2020, Cabinet authorised officers to consult members of the public and other stakeholders on 40 proposals for draft budget savings, cuts and generating additional income. The report highlighted the need to make cuts of £2.1m together with use of £1.65m from general reserves for 2020/21 and an estimated £28 million of cuts to be made by 2024.

#### 2.0 Introduction

- 2.1 A range of engagement and consultation activities have taken place in order to help inform the 2020/21 budget setting process, as follows:
- Public consultation
  - Due to the lateness of the Welsh Government's provisional settlement internal consultation with staff and Trade Unions; in the form of Chief Executive briefing sessions; took place before the official consultation period. Following receipt of the provisional settlement staff and Trade Unions were kept informed of the budget proposals via the Council's intranet, the internal staff magazine 'In the Loop' and discussions with Trade Union representatives.
  - Stakeholder consultation
  - Formal written responses

#### 2.2 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

2.3 This report summarises the main themes from the responses received during the consultation.

### 3.0 **Public consultation – methodology**

3.1 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 January 10<sup>th</sup> 2020 until February 4<sup>th</sup> 2020.
- **Paper Questionnaires in public buildings** - consultation packs were made available in 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 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 10<sup>th</sup> January 2020, which outlined the proposals. The questionnaire was a replica of the online version and responses were entered into 'SNAP' survey software for analysis.
- **Email** – Respondents also submitted their views via email to the Leader, to Cabinet Members, to directors and/or to [nptbudget@npt.gov.uk](mailto:nptbudget@npt.gov.uk).
- **Corporate social media accounts** – during the consultation a number of posts were published on the Council's corporate Twitter (@NPTCouncil and @CyngorCnPT) and Facebook Neath (Port Talbot

CBC and Cyngor Castell-nedd Port Talbot) accounts to raise awareness of the consultation and encourage people to respond. These posts were monitored for comments on the draft budget proposals.

3.2 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
- Press coverage generated by cabinet reports and press releases

#### 4.0 **Public Consultation Responses - Questionnaires**

A total of 77 completed questionnaires were received during the consultation period. Of these 77 (100%) were completed in English, 71 responses were submitted online and 6 paper responses were received.

All percentages shown in this section are relative to the total number of completed questionnaires (77).

#### 4.1 **About the respondents**

Of the 77 responses:

- 68 stated that they live in Neath Port Talbot
- 15 stated that they use services provided by Neath Port Talbot Council
- 8 stated that they work in Neath Port Talbot
- 2 stated that they are a volunteer in Neath Port Talbot
- 11 stated that they work for Neath Port Talbot Council
- 2 stated that they are a carer
- 1 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 number of responses is greater than the number of respondents)*

The geographical spread of respondents was:

- Afan Valley (Abergwynfi, Blaengwynfi, Cwmavon, Cymmer Glynccorwg, Pontrhydyfen) – 3 respondents
- Dulais Valley (Crynant, Dyffryn Cellwen, Seven Sisters) – 6 respondents
- Neath (Briton Ferry, Bryncoch, Cadoxton, Cimla, Llandarcy, Neath, Neath Abbey, Skewen) – 24 respondents
- Neath Valley (Aberdulais, Cwmgwrach, Glynneath, Melincourt, Pontneddfechan, Resolven, Tonmawr, Tonna) – 2 respondents
- Port Talbot (Aberavon, Baglan, Margam, Port Talbot) – 28 respondents
- Swansea Valley (Alltwen, Pontardawe, Rhos, Trebanos) – 4 respondents
- Outside of the County Borough – 4 respondents
- Did not provide postcode – 6 respondents

The age profile of the respondents is shown below:

16–24 - 2 respondents  
 25-29 – 6 respondents  
 30-39 – 28 respondents  
 40-49 – 17 respondents  
 50-59 – 9 respondents  
 60-74 – 10 respondents  
 Prefer not to say – 5 respondents

#### 4.2 Proposals respondents agree with

When asked 'do you agree with any of our proposals, 14 (18%) said yes, 44 (57%) said no, 13 (17%) said they don't know and 6 (8%) did not provide a response.

The most common theme for proposals that respondents said they agreed with were:

- Proposals linked to generating additional income

- Proposals linked to reviewing Social Services care packages
- Proposals linked to reducing subsidies, including those to Celtic Leisure, Pontardawe Arts Centre and Cleaning Services

#### 4.3 Proposals respondents disagree with

When asked 'do you disagree with any of our proposals', 46 (59%) said yes, 16 (20%) said no, 8 (11%) said that they don't know and 7 (10%) did not respond.

The most common reason for respondents disagreeing with the proposals was overwhelmingly in relation to the proposal to increase Council Tax by 5%.

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

- **Protect:** 42 respondents suggested areas that the Council should protect. The most common themes were:
  - Schools/education – 15 respondents
  - Social Services, Health and Care (incl. Adults/Older People Services and Children and Young people Services) – 14 respondents
- **Reduce:** 33 respondents suggested services that the Council should reduce. The most common themes were:
  - Costs associated with Council Staff – 9 respondents
  - Councillors / Councillors expenses – 7 respondents
- **Stop altogether:** 27 respondents suggested services that the Council should stop altogether. The most common themes were:
  - Costs associated with staff: pay/number etc. – 4 respondents
  - Costs associated with Councillors: number/pay expenses/benefits – 3 respondents
  - Dog Wardens – 3 respondents

## **5.0 Suggestions for saving money**

5.1 54 respondents suggested how the Council could save money. Some of the most common themes included:

- Savings associated with council staff costs (pay – especially higher paid staff, grades, number of etc.)
- Reduce costs associated with councillors (expenses, pay, number of etc.)
- Stop wasting money on refuse and recycling (changing kit, number of collections etc.)
- Reduce Benefits paid
- Rationalise office and meeting space

5.2 40 respondents suggested ways in which the Council could generate income. Recurring themes included:

- Invest in/encourage more tourism
- Try and get more people back into work
- Reduce business rates/rent
- Try to improve town centres/reduce car parking charges
- Sell off assets
- Enforcement/fines

## **6.0 Public Consultation Responses – Letters and Emails**

Two letters were received in response to the consultation.

One letter contained a number of suggestions based around the theme of setting up partnerships with the people.

The second letter expressed concern in relation to the perceived inequality of leisure provision in socially disadvantaged and isolated communities. The letter encouraged the use of Social Enterprises to inform and address this issue.

## **7.0 Public Consultation – Social Media Comments**

7.1 Of the comments made on posts about the budget consultation, the only issue raised via Facebook was the level of Council Tax in Neath Port Talbot and opposition to the proposed 5% increase.

## 8.0 Consultation with other stakeholders

8.1 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:

- Cabinet scrutiny committee (special), 29<sup>th</sup> January 2020
- Education, Skills and Culture scrutiny committee (special), 16<sup>th</sup> January 2020
- Voluntary Sector Liaison Committee (Special), 20<sup>th</sup> January 2020
- Regeneration and Sustainable Development scrutiny committee, 24<sup>th</sup> January 2020
- Streetscene and Engineering scrutiny committee (special), 17<sup>th</sup> January 2020
- Social Care, Health & Wellbeing scrutiny committee (special), 23<sup>rd</sup> January 2020

8.2 The Education, Skills and Culture Scrutiny Committee asked that the timing and phasing of proposals in relation to Pontardawe Arts Centre and School Cleaning charges be revisited.

## 9.0 Formal Responses

9.1 One formal response was received from groups and organisations.

- **Neath Port Talbot CVS** - A Response from the Third Sector in Neath Port Talbot. In summary the Third Sector:-
  - raised concerns regarding the proposed impact on the viability of town centres
  - Outlined the potential benefits of working with the third sector on a number of initiatives

### Education, Learning and Lifelong Leisure

- expressed concern regarding the impact on school budgets of increased cleaning charges.

Social Care, Health and Housing

- recognised the need for parity across provision in relation to adult family placements but raised concern as to any reduction in current rates paid
- questioned the potential impact on partnership working with the Heath Board
- welcomed the opportunity to work with the Council to explore innovative ways of looking at early intervention and prevention

Corporate

- pointed out that in terms of Digital inclusion that there are still a number of people who struggle with IT; but recognised the partnership work that is ongoing in relation to this agenda.

**10.0 Petitions**

- 10.1 The Council received no petitions relating to the 2020/21 budget proposals.

Mae'r dudalen hon yn fwriadol wag



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

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

### **CABINET**

#### **Report of the Director of Finance and Corporate Services - H.Jenkins**

**5 March 2020**

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

**WARDS AFFECTED: ALL**

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

#### **Purpose of Report**

1. This report sets out the Council's Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy for 2020/21.
2. Treasury Management is defined as:  
"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

#### **Introduction**

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

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

### **Reporting Requirements**

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

The first and most important report covers:

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

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

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

8. An Annual Treasury Report

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



## Scrutiny Arrangements

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

## **Treasury Management Strategy for 2020/21**

10. The strategy for 2020/21 covers two main areas

### **Capital issues**

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

### **Treasury management issues**

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

## **Capital Prudential Indicators**

12. Capital Expenditure

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

	2018/19 Actual £'000	2019/20 Revised Estimate £'000	2020/21 Original Estimate £'000	2021/22 Original Estimate £'000	2022/23 Original Estimate £'000
Capital expenditure	43,395	39,078	84,518	33,062	12,814
<u>Resourced by:</u>					
Capital receipts	0	128	4,725	1,300	1,300
Grants & contributions	20,196	20,194	51,360	16,884	3,556
Reserves & DRF *	606	3,530	3,421	355	0
Borrowing	22,593	15,226	25,012	14,523	7,958

NB \* DRF means Direct Revenue Financing

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

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

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

<b>CFR</b>	2018/19 Actual £'000	2019/20 Revised Estimate £'000	2020/21 Original Estimate £'000	2021/22 Original Estimate £'000	2022/23 Original Estimate £'000
Opening Balance	325,241	338,543	343,818	358,370	362,331
Add: Expenditure to be funded by borrowing	22,593	15,226	24,962	14,573	7,958
Less: Minimum Revenue Provision (MRP)	(9,291)	(9,951)	(10,410)	(10,612)	(11,064)
Estimated Closing Balance	338,543	343,818	358,370	362,331	359,225

### **Treasury Management Prudential Indicators**

14. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity and the Council's capital strategy.
15. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.
16. The Council's treasury portfolio position at 31<sup>st</sup> March 2019 comprised:

<b>Table 1</b>	<b>Principal</b>	
<b><u>Borrowing</u></b>	<b>£m</b>	<b>£m</b>
Fixed rate funding	PWLB 217,771	
	Market 62,500	
	Other 1,500	
	281,771	
Variable rate funding	0	
	281,771	
Other long term liabilities		0
<b><u>Gross Debt</u></b>		<b>281,771</b>
<b><u>Total investments</u></b>		<b>55,100</b>

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

	2018/19 Actual £'000	2019/20 Revised Estimate £'000	2020/21 Original Estimate £'000	2021/22 Original Estimate £'000	2022/23 Original Estimate £'000
Actual gross debt at 31 <sup>st</sup> March	281,771	285,804	277,580	276,579	276,428
Capital Financing Requirement (CFR)	338,543	343,818	358,370	362,331	359,225
Under / (over) borrowed	56,772	58,014	80,790	85,752	82,797

## Treasury Indicators: Limits relating to borrowing

### 19. The Operational Boundary

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

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Operational Boundary	373,940	388,420	392,331	389,225

### 20. The Authorised Limit

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

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

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Authorised Limit	393,420	408,420	412,331	409,225

### 21. Upper limits on fixed and variable interest rate exposure

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

	<b>2019/20 to 2022/23 £'000</b>
Upper Limit on Fixed Interest Rate Exposure	412,331
Lower Limit on Fixed Interest Rate Exposure	
Upper Limit on Variable Interest Rate Exposure	206,166
Lower Limit on Variable Interest rate Exposure	0

## 22. Maturity structure of borrowing

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

Maturity Structure of Fixed Rate Borrowing	2020/21 Estimate %	Upper Limit %	Lower Limit %
Under 12 months	3	15	0
12 months to 2 years	2	15	0
2 to 5 years	5	40	0
5 to 10 years	0	60	0
10 years +	90	100	15

## Prospects for Interest Rates

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

	Mar20	Jun20	Sep20	Dec20	Mar21	Jun21	Sep21
Bank Rate	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%
5 yr PWLB	2.30%	2.30%	2.40%	2.40%	2.50%	2.60%	2.70%
10 yr PWLB	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%
25 yr PWLB	3.00%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%
50 yr PWLB	2.90%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%

## **Borrowing Strategy**

24. The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However this strategy can only be used as a short term measure therefore consideration will be given to entering into external borrowing during 2020/21.
25. The following types of loan arrangement will be considered (in no particular order):
  - Temporary borrowing from the money markets or other local authorities.
  - Short dated borrowing from the market or PWLB.
  - Long term fixed rate market or PWLB loans.
26. The general aim of this treasury management strategy is to ensure the affordability of capital investment within the ongoing revenue budget, to ensure that the credit risk is managed effectively when comparing borrowing costs and investment holdings and returns.
27. The Council will continue to examine the potential for undertaking early repayment of some external debt to the PWLB in order to reduce the difference between its gross and net debt positions. 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.
28. Members should note that to date during 2019/20 the Council has taken new borrowing of £10m from the PWLB taking advantage of historically low interest rates. It should also be noted that during the year the Council repaid £5.9m of principal repayments to the PWLB.
29. 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 2020/21 borrowing

requirement during the financial year if considered advantageous to do so.

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

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

### **Debt Rescheduling**

31. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
32. The reasons for any rescheduling to take place will include:
  - the generation of cash savings and / or discounted cash flow savings,
  - helping to fulfil this Treasury Management Strategy, and
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
33. Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
34. No rescheduling is anticipated in 2020/21. If rescheduling does take place it will be reported to the Cabinet Board, at the earliest meeting following its action.



## **Annual Investment Strategy**

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

## **Creditworthiness Policy**

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

## **Country Limits**

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

## **Investment Strategy**

47. **In-house funds:** The Council currently manages its surplus funds in-house. The core balance, available for strategic investment is estimated to be in the region of £25m. The remaining cash balances are mainly cash flow derived and available for short term investment only.
48. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (up to 12 months). The Council policy will allow investments up to a maximum of £25m for periods of more than 1 year and up to 5 years, and this will be considered when decisions on investing surplus funds are made.

### **Investment return projections.**

49. The Council's Treasury advisors have informed us that based on the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.25% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

50. The indicative investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

- 2019/20 0.75%
- 2020/21 0.75%
- 2021/22 1.00%
- 2022/23 1.25%
- 2023/24 1.50%
- 2024/25 1.75%
- Later years 2.25%

51. The overall balance of risks to economic growth in the UK is probably relatively even due to the weight of all the uncertainties over post-Brexit trade arrangements and the impact of an expansionary government spending policy (as expected in the

Budget on 11th March). The balance of risks to increases or decreases in Bank Rate and shorter term PWLB rates are also broadly even.

52. The recent Coronavirus outbreak and other in-year national/international challenges could also impact on the economic activity of affected countries resulting in lower overall global growth, central banks intervening and cutting interest rates or loosening monetary policies. This could then affect current forecast for interest rates.

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

53. The Council is required to set a limit on the total value of investments with a duration greater than 365 days. This limit is set with regard to the Council's liquidity requirements. The proposed limit is set out at £25m.
54. Members should note that the updated Treasury Management Code of Practice now requires Local Authorities to report on investments over 365 days as opposed to the previous practice of over 364 days.

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

55. Members will receive a report on the actual 2019/20 investment activity as part of the Annual Treasury Report by 30<sup>th</sup> September 2020.

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

56. 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.
57. 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.

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

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

59. 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.

### **Minimum Revenue Provision**

#### **Introduction**

60. 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.

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

## **Minimum Revenue Provision Policy Statement 2020/21**

The Council's MRP policy for 2020/21 is detailed below:

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

62. 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**

63. Expenditure will be subject to MRP on the basis of asset life and using the equal annual instalment or annuity methods as appropriate.
64. 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.
65. 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.
66. 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.
67. The Council will apply the Minimum Revenue Provision to the accounts in the financial year following which the asset becomes operational.

## **Affordability Prudential Indicators**

68. 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**

	2018/19 Actual	2019/20 Revised Estimate	2020/21 Original Estimate	2021/22 Original Estimate
Financing Cost / Net Revenue	6.91%	7.08%	6.70%	6.62%

## **Capital Financing Budget**

69. Included at Appendix 3 of this report is a breakdown of the capital financing budget which totals £19.282m for 2020/21.

## **Financial Impact**

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

## **Integrated Impact Assessment**

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

## **Workforce impacts**

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

## **Legal impacts**

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

## **Risk management**

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

## **Recommendation**

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

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

## **Reasons for proposed decision**

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

## **Implementation of decision**

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

## **Appendices**

Appendix 1 – Scheme of Delegation

Appendix 2 - Investment Criteria

Appendix 3 – Capital Financing Budget

## **List of Background Papers**

CIPFA – Treasury Management in the Public Sector Code of Practice

CIPFA – Prudential Code for Capital Finance in Local Authorities (2017)

Treasury Management Working Papers



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## Scheme of Delegation

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

## Specified Investments

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

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

Other specified investments are as follows:

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

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

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

**Non-Specified Investments:**

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

**Maturities in excess of 1 year**

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

### Approved Countries for Investments

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

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

Based on latest available rating:

#### AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

#### AA+

- Finland
- Hong Kong
- USA

#### AA

- UK

**Capital Financing Budget**

<b>2018/19 Outturn Position £'000</b>		<b>2019/20 Original Budget £'000</b>	<b>2020/21 Original Budget £'000</b>
19,094	Principal and Interest charges	19,644	19,722
	<b>Investment Income</b>		
(509)	- Total	(300)	(400)
195	- less allocated to other funds *	110	130
<b>(314)</b>	<b>Subtotal Income</b>	<b>(190)</b>	<b>(270)</b>
(340)	Contribution from General Reserve	(180)	(170)
134	Contribution to Treasury Management Equalisation Reserve.		
<b>18,574</b>	<b>Net General Fund</b>	<b>19,274</b>	<b>19,282</b>

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

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