



## **Y CABINET**

**DYDD MERCHER, 11 TACHWEDD 2020**

**O BELL TRWY TEAMS**

### **RHAID GOSOD POB FFÔN SYMUDOL AR Y MODD DISTAW AR GYFER PARHAD Y CYFARFOD**

#### **Rhan 1**

1. Penodi Cadeirydd
2. Datganiadau o fuddiannau
3. Adroddiad Adolygu Canol Blwyddyn Rheoli'r Drysorfa 2020-21  
(*Tudalennau 3 - 20*)
4. Adroddiad Diweddarau a Monitro'r Gyllideb Refeniw, Chwarter 2  
2020-21 (*Tudalennau 21 - 50*)
5. Adroddiad Monitro Rhaglen Gyfalaf Chwarter 2 - 2020 /21  
(*Tudalennau 51 - 58*)
6. Monitro Rheoli'r Trysorlys 2020/21 (*Tudalennau 59 - 66*)
7. Canolfan Ymwelwyr Parc Coedwig Afan – Prosiect Porth Parc  
Adfywio'r Cymoedd (*Tudalennau 67 - 80*)
8. Eitemau brys  
(Unrhyw eitemau brys (boed yn gyhoeddus neu wedi'u heithrio) yn  
ol disgrisiwn y Cadeirydd yn unol ag Adran 100B (4) (b) o Ddeddf  
Llywodraeth Leol 1972.

9. Mynediad i gyfarfodydd  
To resolve to exclude the public for the following item/s of business pursuant to Regulation 4 (3) and (5) of Statutory Instrument 2001 No.2290 and the undermentioned exempt Paragraphs of Part 4 of Schedule 12A to the Local Government Act 1972.

**Rhan 2**

10. Dymchwel Adeiladau (Exempt under Paragraph 14) (*Tudalennau 81 - 90*)

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

**Canolfan Ddinesig**  
**Port Talbot**

**Dydd Iau, 5 Tachwedd 2020**

**Aelodau'r Y Cabinet:**

Y Cyngorwyr 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



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### CABINET

### REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES HYWEL JENKINS

11 NOVEMBER 2020

#### MATTERS FOR: MONITORING

#### WARDS AFFECTED - ALL

#### Treasury Management Mid Year Review Report 2020/21

##### Purpose of the Report

1. To review treasury management activities for the 6 month period to 30<sup>th</sup> September 2020.

##### Background

2. The Council operates a cash balanced treasury budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.
3. 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 the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt

previously drawn may be restructured to meet Council risk or cost objectives.

4. As a consequence 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**

5. The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised 2011) was adopted by this Council at the Council meeting in 28<sup>th</sup> February 2013.

The primary requirements of the Code are as follows:

- (i) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities.
- (ii) Creation and maintenance of Treasury Management Practices set out in the manner in which the Council will seek to achieve those policies and objectives.
- (iii) Receipt by the full Council of an Annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision Policy – for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.
- (iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- (v) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated bodies are the Audit and Policy and Resources Committees.

## 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 Audit Committee	Quarterly Quarterly
Treasury Management Practices	Cabinet for approval by Full Council	Annually
Scrutiny of Treasury Management Strategy	Cabinet (and Audit Committee)	Annually

6. This mid-year report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:
- An economic update for 2020/21;
  - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
  - The Council's capital expenditure (prudential indicators);
  - A review of the Council's investment portfolio for 2020/21;
  - A review of the Council's borrowing strategy for 2020/21;
  - A review of any debt rescheduling undertaken during 2020/21;

- A review of compliance with Treasury and Prudential Limits for 2020/21.
  - Revised Treasury and Prudential Limits for 2020/21 to 2022/23.
7. There have been no changes to the approved Treasury Management and Investment Strategies for the 6 months up to 30<sup>th</sup> September 2020

## Economic Update

8. The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it has left the Bank Rate unchanged to date, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table below, no increase in Bank Rate is expected within the forecast horizon ending on 31st March 2023 as economic recovery is expected to be only gradual and, therefore, prolonged.

## Interest rate forecasts

9. The Council's treasury advisor, Link Group, provided the following forecasts on 11th August 2020 (PWLB rates are certainty rates, gilt yields plus 180bps)::

Link Group Interest Rate View 11.8.20		Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View		0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month average earnings		0.05	0.05	0.05	0.05	0.05	-	-	-	-	-
6 month average earnings		0.10	0.10	0.10	0.10	0.10	-	-	-	-	-
12 month average earnings		0.15	0.15	0.15	0.15	0.15	-	-	-	-	-
5yr PWLB Rate		1.90	2.00	2.00	2.00	2.00	2.00	2.10	2.10	2.10	2.10
10yr PWLB Rate		2.10	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.30
25yr PWLB Rate		2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70	2.70	2.70
50yr PWLB Rate		2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50

## The Council's Capital Position (Prudential Indicators)

10. This part of the report updates:
- The Council's capital expenditure plans;
  - How these plans are being financed;
  - The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
  - Compliance with the limits in place for borrowing activity.

### The Council's Capital Expenditure and Financing 2020/21

	<b>2019/20 Actual £'000</b>	<b>2020/21 Original Estimate £'000</b>	<b>2020/21 Current Estimate £'000</b>
Capital expenditure	39,131	84,518	77,684
Resourced by:			
• Capital receipts	0	4,725	925
• Capital grants & contributions	24,684	51,360	62,565
• Capital reserves + DRF	182	3,421	2,828
<b>Capital Expenditure to be financed from borrowing</b>	<b>14,265</b>	<b>25,012</b>	<b>11,366</b>

11. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the unfinanced capital expenditure, and prior years' unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
12. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLb] or the

money markets), or utilising temporary cash resources within the Council.

13. Reducing the CFR – the Council’s underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
14. The total CFR can also be reduced by:
  - The application of additional capital financing resources (such as unapplied capital receipts); or
  - Charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
15. The Council’s 2020/21 MRP Policy (as required by CIPFA Code of Practice on Treasury Management) was approved by Council as part of the Treasury Management Strategy Report for 2020/21 on 6<sup>th</sup> March 2020.
16. The Council’s CFR for the year is shown below, and represents a key prudential indicator.

<b>CFR</b>	<b>2019/20 Actual £'000</b>	<b>2020/21 Original Estimate £'000</b>	<b>2020/21 Current Estimate £'000</b>
Opening balance	338,618	343,818	342,874
Add unfinanced capital expenditure (point 10)	14,265	25,012	11,366
Less MRP/Set aside receipts	(10,009)	(10,410)	(10,147)
<b>Closing balance</b>	<b>342,874</b>	<b>358,420</b>	<b>344,093</b>

The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.



17. Net borrowing and the CFR – in order to ensure that borrowing levels are prudent over the medium term the Council’s external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2020/21. The following table highlights the Council’s net borrowing position against the CFR. This shows the Council is complying with this prudential indicator as projected net borrowing is less than the CFR.

	<b>2019/20 Actual £'000</b>	<b>2020/21 Original Estimate £'000</b>	<b>2020/21 Current Estimate £'000</b>
External Debt (Gross) Less Investments	307,872 (56,500)	277,580 (61,000)	299,148 (61,000)
Net Borrowing Position	251,372	216,580	238,148
CFR	342,874	358,420	344,093

18. The authorised limit – the authorised limit is the “affordable borrowing limit” required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level.
19. The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	<b>2019/20 Actual £'000</b>	<b>2020/21 Original Estimate £'000</b>	<b>2020/21 Current Estimate £'000</b>
Authorised Limit	392,873	408,420	394,093
Operational Boundary	372,873	388,420	374,093
Gross Borrowing *	307,872	277,580	299,148

\* Total maximum long term and short term

20. This report confirms that during the first 6 months of 2020/21 Council has maintained gross borrowing within the Authorised Limit.

### **Investment Portfolio 2020/21**

21. In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. It is currently not possible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%, while some entities, including more recently the Debt Management Account Deposit Facility (DMADF), are offering negative rates of return in some shorter time periods. Given this risk environment and the fact that increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31<sup>st</sup> March 2023, investment returns are expected to remain low.
22. It is confirmed that the approved limits within the Annual Investment Strategy have not been breached during the first six months of 2020/21 other than with the Council's banker. Members should note that due to the COVID pandemic it was prudent for us to hold more cash in our Santander Deposit Account (the Authority's bankers) rather than the amount set out in the Specified Investment Criteria (appendix 3). Due to the front loading of RSG and receipt of other specific grant funding during the first quarter of 2020 the highest amount placed with Sandanter was £117m on 9 June. This reduced to £37.1m as at 30 September 2020. This is a temporary arrangement during the pandemic and all other criteria are being adhered to.
23. The Council's original budget for investment return for 2020/21 has been set at £400k. This needs to be revised down to £200k which is a reflection of the low level of returns anticipated on investments with the actual shortfall being funded from the Treasury Management Reserve.
24. The Treasury Management Strategy Statement (TMSS) for 2020/21, which includes the Annual Investment Strategy, sets out the Council's investment priorities as being:

- Security of Capital
  - Liquidity
25. There has been no change in the Council's Investment Strategy aims from those approved on 6<sup>th</sup> March 2020. The aim continues to be to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate, it is considered appropriate to keep an adequate level of investments which can be instantly accessed to cover short term cash flow needs. The Council also seeks out value where available in significantly higher rates in periods up to 12 months with approved institutions that meet the Council's stringent credit rating assessment.
26. Investment rates available have continued at historically low levels. The average level of funds available for investment purposes during the period was affected by the timing of precept payments, receipt of grants and progress on the Capital Programme.

### **Investment performance to the 30<sup>th</sup> September 2020**

27. The Council held £74.6m of investments as at 30<sup>th</sup> September 2020 and the investment portfolio yield for the first six months of the year is 0.15% against a benchmark 0.11%. The Council has outperformed the benchmark by 4 basis points. The benchmark for funds managed in-house is the 3 month LIBID uncompounded rate which is the most realistic comparison rate as advised by our treasury management consultants.

A full list of investments held as at 30<sup>th</sup> September 2020 is provided in Appendix 1.

### **Investment counterparty criteria and proposed amendments**

28. The current investment counterparty criteria approved by Members earlier this year are detailed in Appendix 3 of this report.
29. The Current Investment Policy to allow for a maximum investment of £20m with F1 rated institutions. Currently classified as F1 by the Fitch credit reference agency are banks such as Lloyds Bank, Barclays Bank and Santander UK plc.

## **Borrowing**

30. The Council's agreed Strategy in relation to borrowing is set out in the Treasury Management Strategy Report as approved by Council. This strategy outlined that consideration would be given to entering into new external borrowing if PWLB (or money market) rates became more favourable.
31. During 2020/21 the Council has not entered into any new loan arrangements with the PWLB.

## **Borrowing in advance of need**

32. The Council has not borrowed in advance of need during the six month period ended 30<sup>th</sup> September 2020. Members should note that the total external debt projection for 31<sup>st</sup> March 2021 is as follows:

	£'000
Public Works Loans Board (PWLB)	232,598
Market Loans	62,500
WG Town Centre Loan	1,500
Salix (Public Lighting) Loan	982
Temporary Borrowing	1,568
<b>Total</b>	<b>299,148</b>

## **Debt Rescheduling**

33. Debt rescheduling opportunities have been non-existent during 2020/21 due to the penalties involved in entering into such arrangements.

## **Compliance with Treasury and Prudential Limits**

34. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's original approved Treasury and Prudential Indicators (affordability) limits were included in the approved Treasury Management Strategy Statement as reported to Council on 6<sup>th</sup> March 2020.
35. During the financial year to date, the Council has operated within the Treasury Limits and Prudential Indicators set out in the Treasury Management Strategy Statement and in compliance with

the Treasury Management Practices. The Prudential and Treasury Indicators for 2020/21 onwards have been revised and are presented in Appendix 2.

### **Financial Impact**

36. All relevant financial information is provided in the body of the report.

### **Integrated Impact Assessment**

37. There is no requirement to undertake an Integrated Impact Assessment as this report is for information purposes.

### **Valleys Communities Impacts**

38. No implications

### **Workforce Impacts**

39. There are no workforce impacts arising from this report.

### **Legal Impacts**

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

### **Risk Management**

41. There are several risks associated with the treasury management activities. These include interest rate fluctuations, counter party investment, international economic and political etc. The treasury management strategy is included within the Council's Corporate Risk Register.

### **Consultation**

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

### **Recommendation**

43. It is recommended that Members:

Note the Treasury Management activities to date this financial year, and how they relate to the proposed activities within the original 2020/21 Treasury Management Strategy and Annual Investment Strategy Statements.

### **Reason for Proposed Decision**

44. To comply with requirements of the Code of Practice on Treasury Management.

### **Implementation of Decision**

45. The decision is proposed for implementation after the three day call in period.

### **Appendices**

46. Appendix 1 – Investment Position as at 30<sup>th</sup> September 2020  
Appendix 2 – Prudential Indicators  
Appendix 3 – Specified Investments - Current Criteria

### **List of Background Papers**

47. Link Asset Services Mid-year Reporting Template  
Investment and Borrowing Records 2020/21

### **Officer Contact:**

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**Investment Position as at 30<sup>th</sup> September 2020**

<b>Borrower</b>	<b>Maturity</b>	<b>Rate %</b>	<b>Total £'000</b>
<b><u>Banks and Building Societies</u></b>			
Lloyds Banking Group	95 day notice	0.20	10,000
<b><u>Other Local Authorities</u></b>			
Birmingham City Council	30 <sup>th</sup> Nov 2020	0.14	5,000
Birmingham City Council	11 <sup>th</sup> Dec 2020	0.16	5,000
Glasgow City Council	24 <sup>th</sup> Jun 2021	0.30	10,000
<b><u>Call Deposit</u></b>			
Santander	Instant Access	0.10	44,600
<b>Total</b>			<b>74,600</b>

## PRUDENTIAL INDICATORS

<b>PRUDENTIAL INDICATORS</b>	<b>2019/20 Actual</b>	<b>2020/21 Original Estimate</b>	<b>2020/21 Revised Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Expenditure	39,131	84,518	77,684	38,820	12,814
Capital Financing Requirement	342,874	358,420	344,093	345,597	338,289
Ratio of financing costs to net revenue stream	7.04%	6.72%	6.81%	6.67%	6.72%



## PRUDENTIAL INDICATORS

<b>TREASURY MANAGEMENT INDICATORS</b>	<b>2019/20 Actual</b>	<b>2020/21 Original Estimate</b>	<b>2020/21 Revised Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Authorised Limit for External Debt:</b> Borrowing and other long term liabilities	392,873	408,420	394,093	395,597	388,289
<b>Operational Boundary for External Debt:</b> Borrowing and other long term liabilities	372,873	388,420	374,093	375,597	368,289
External Debt (Gross)	307,872	277,580	299,148	298,147	277,996
Less Investments	(56,500)	(61,000)	(61,000)	(61,000)	(61,000)
<b>Net Borrowing Position</b>	<b>251,372</b>	<b>216,580</b>	<b>238,148</b>	<b>237,147</b>	<b>216,996</b>

## PRUDENTIAL INDICATORS

	<b>2020/21 limit</b>
	<b>£'000</b>
Upper Limit on Fixed Interest Rate Exposure Lower Limit on Fixed Interest Rate Exposure	408,420
Upper Limit on Variable Rate Exposure Lower Limit on Variable Rate Exposure	204,210
<b>Upper Limit for Total Principal Sums Invested for Over 364 Days (per maturity date)</b>	<b>£25m</b>

<b>Maturity Structure of Fixed Rate Borrowing During 2019/20</b>	<b>2019/20 Actual</b>	<b>2020/21 Estimate</b>		
			<b>Upper Limit</b>	<b>Lower Limit</b>
	%	%	%	%
Under 12 months	3	0	15	0
12 months to 2 years	0	10	15	0
2 to 5 years	12	2	40	0
5 to 10 years	0	0	60	0
10 years and above	85	88	100	15

## Specified Investments Criteria

	<b>Minimum 'High' Credit Criteria</b>	<b>Funds Managed</b>	<b>Max Amount</b>	<b>Max Duration</b>
<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.

Mae'r dudalen hon yn fwriadol wag



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## CABINET

11 November 2020

### REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES

#### Matter for Decision

#### Wards Affected – All Wards

#### Revenue Budget Update and Monitoring Report Quarter 2 - 2020-21

#### Purpose of Report

- 1 This report prepared as at the end of September 2020, provides Members with an overview of the financial implications of COVID19 on the Council's Financial Resources and 2020/21 Budget.
- 2 From paragraph 15 onwards the report sets out the service areas that are projected to **overspend or underspend by more than £50k** compared to their net budget (i.e. budgeted expenditure less income). These figures represent the projected position to the end of the financial year based on various factors and assumptions including:
  - the actual cumulative expenditure and income position to the end of September 2020
  - assumptions for cost savings or additional expenditure to the end of the financial year,
  - assumed collectible income or income loss for the rest of the year,
  - additional cost of council tax support for the remainder of the year
  - council tax collection projections to 31 March 2021,

- Additional funding announcements and reimbursements provided by the Welsh Government.

Members will note that in some instances the “overspend” is due to, or mainly due to, loss of income in that service area, whilst for others the cause is additional costs. In total the Welsh Government (WG) has provided circa £500m into a Local Government Hardship Fund to fund the additional ask they have made of Local Government to incur extra costs and fund reduced income. Of this WG made £78m available to cover loss of income for April to June 2020 (quarter 1), of which £3.952m has been received, and we are awaiting confirmation relating to a further £75k.

A further claim is currently being prepared for loss of income during quarter 2 to the end of September 2020, the conditions upon which funding is being awarded are outlined in Appendix 4. Monthly claims are being made to recover additional costs incurred from the LA Hardship fund.

- 3 The projections and assumptions will be regularly updated and reported to Members during the year, so that appropriate consideration and action can be taken to mitigate consequences on the Council’s bottom line financial position.

### **Authority Summary and Background**

- 4 The COVID19 pandemic has had a significant impact on Council services, the costs incurred and income generated.
- 5 The projections included in the report are based on costs/income to the end of September, and include assumptions regarding lockdown restrictions.
- 6 It is extremely difficult to accurately project the year end position given the highly volatile nature of the circumstances surrounding the pandemic. The assumptions are subject to ongoing review, in light of any further announcements regarding lockdown arrangements, associated service costs and Welsh Government funding announcements.

- 7 The Welsh Government has made available additional funding via the Local Authorities Hardship Fund in response to the pressures arising from the lockdown.

Claims have been made amounting to £6.510m for additional expenditure incurred to the end of September, and to date Welsh Government have agreed to reimburse £5.486mm, and we are awaiting a decision in respect of £706k September claim. The shortfall of £318k has arisen because WG will not fund

- costs arising from local decisions,
- 50% of ICT costs claimed in May/June, and no ICT hardware/software costs incurred thereafter
- 75% of communication, media and marketing costs since June
- the additional costs of housing adaptations undertaken to enable the discharge of patients from hospital
- general supplies and services that can be funded from the service base budgets

A loss of income claim has also been submitted for £4.146m for the period April – June 2020, and to date Welsh Government have confirmed that they will fund £3.952m, and have put some items on hold for further review nearer year end, to verify if income streams have been delayed rather than lost. A schedule outlining the basis on which WG will fund future loss of income claims is included as Appendix 4.

- 8 Welsh Government have refunded £120k in respect of the increased cost from new Council Tax Support claimants (CTRS), that have arisen as a consequence of the lockdown for the period April – June, and will further consider the position for the period July to September 2020.
- 9 Welsh Government have not yet confirmed if funding will be available to offset the reduction in Council Tax collection rates. The position will be subject to ongoing review and in the interim an estimated loss of £2m is included within the reported overspend.
- 10 The Council will continue to work with the Welsh Government to deliver essential services and look for additional funding, or as a minimum, a capitalisation direction to help smooth the impact of the pandemic on our Budget, and future year service provision.

- 11 Members should note that these financial projections will be monitored and updated regularly during the year as changes in demand, service delivery, income received, council tax support costs and receipts and WG funding announcements are received. The next report in respect of 2020/21 will be submitted for members' scrutiny and review in January 2021.
- 12 The Net Authority budget is currently projected to overspend by £6.509m, after receipt of various COVID19 grant reimbursements from Welsh Government. Unless the financial position and activity improve over the remainder of the year or Welsh Government provides additional funding this projected overspend will have to be funded from Reserves.
- 13 As members are aware when the 2020/21 Budget was set on the 5 March 2020 the projected General Reserve position at 31 March 2021 was £17.9m including an approved reserve use of £1.65m. Having finalised the audited accounts for last year and utilising the reserve to fund an estimated overspend of £6.509m will have a major impact on the Council's financial position by reducing the projected general reserve balance to £12.1m. Details of the general reserve position are included in Appendix 3.

### **Directorate Updates**

- 14 The following Directorate reports indicate the service areas where significant projected variances to the end of March 2021 against the net budget are projected.

- 15 **Education Leisure and Lifelong Learning**

- **Teachers Pay Award September 2020 £190k.** The Minister for Education has announced that orders have been laid for a pay award ranging from 8.48% for new starters, 3.75% for Teachers on the Main Pay Range and 2.75% for those on Leadership pay, resulting in an average pay award of 3.1% or some £190k more than budgeted for. The Minister also confirmed on 14 October that WG will provide additional funding of £3.981m for schools up to year 11 and a further £1.556m for post 16 education. Once we receive confirmation



of the amount due to this Council it is proposed that the appropriate share will be distributed to individual schools and central education services.

- **Delegated Schools Budgets loss of income - £299k.** WG have reimbursed schools for loss of school meal income (£262k) and external income (£200k) from April – June, but it is anticipated that schools will have limited ability to generate income throughout the rest of the year resulting in a further loss of school meal income (£141k) in secondary and middle schools, net of savings on food costs. This shortfall assumes schools will receive 67% of budgeted income for school meals during Sept to Dec and 90% from Jan to March. Loss of other external income is projected to be £158k.
- **Education Learning Resource Service £60k overspend -** The overspend is due to loss of income during the lock down (service closed April to August), and a reduction in the number of schools accessing the service. WG have reimbursed £19k loss of income from April to June.
- **Primary School Meals Service £263k overspend**  
The school meals budget is made up as follows:-

	<b>£'000</b>
Staff costs	2,396
Food	741
Other supplies & services	742
<b>Gross Cost</b>	<b>3,879</b>
Meal income	(1,280)
Other income	(474)
<b>Net Budget</b>	<b>2,125</b>

The projected overspend is due to a loss of meal income due to the closure of schools as a result of the pandemic. The loss of income is partly offset by savings on food purchases, although staff and other fixed costs continue to be incurred. Welsh Government have confirmed funding for the loss of income for April to June (£333k), but the estimated overspend to the end of the year is based on the projected number of meals currently being sold, which are greatly reduced, offset by savings in food costs.

Payments of £19.50 per child per week have been made from 6<sup>th</sup> April to 11<sup>th</sup> September - the total cost being £2.204m of which £1.864m (net of food savings) has been funded by WG.

From 5<sup>th</sup> October payments of £3.90 per day will be made to any free school meal child that has to self-isolate, of which £1.40/day will be funded by WG, the estimated shortfall to the Council being circa £100k. This pressure is included in the reported overspend.

In addition WG announced on 15<sup>th</sup> October that they will provide free school payments of £19.50 during school holidays to Easter 2021. They are providing on an all Wales basis an extra £11m to fund these payments in full.

- **Margam Park £220k overspend**

The park was initially closed and all events at the park and Orangery were cancelled or postponed due to the COVID19 lockdown. This has resulted in a loss of income, which has been partly offset by savings on food and alcohol purchases. The projected overspend assumes that the Orangery will remain closed until the end of the financial year.

The projected net loss of income is made up as follows:-

Park	£135k
Orangery catering	£46k
Charlottes Pantry	-£5k
Park shop	£38k
Ivy cottage	£4k
Commercial - events	£2k
<b>TOTAL</b>	<b>£220k</b>

The park overspend includes the cost (£79k) to refurbish the spillway and culvert at Furzemill Reservoir. The total cost of the project is estimated to be £158k, with 50% being funded from the Capital Programme. The original budget assumed that it would be possible to generate additional income in the park to fund these costs but this has not been possible due to lockdown restrictions.

- **Princess Royal Theatre £62k overspend**

The overspend assumes that the theatre will remain closed for the financial year, resulting in a loss of income which is partly offset by savings on purchases of food and alcohol. WG has confirmed that it will fund the net loss of income for the period April to June of £76k.

- **External Leisure contract £1.8m overspend**

The Council has paid Celtic Leisure £180k to the end of June to fund some of the initial top up costs of furloughed staff. It is also anticipated that the Leisure sector will be one of the hardest hit sectors by COVID19. Recovery and income levels will take some time to increase due to reduced demand following COVID19 and additional costs incurred to implement social distancing. WG have funded the loss of income of £300k for the period April to June. The financial position going forward is uncertain, due to the announcement of the firebreak.

**The Education Leisure and Lifelong Learning budget is currently projected to overspend by £2.830m including the additional impact on Delegated Schools Budgets (after proposed virements).**

## 16 Social Services Health & Housing

- **Children & Family – Social Work £108k underspend**

The underspend is due to receipt of ICF grant funding (£200k) for the Working Together Service, which is partly offset by overspend on Direct Payments (£60k) and costs of additional support required during lockdown (£32k).

- **Children & Family – Residential care £395k overspend**

The original budget is based on placements for 9 children. An overspend is projected as there are currently 11 children in placements, with a provision for 1 further new placement this year. The three new placements since the start of the year are as a direct result of COVID19, and it is estimated that these children will remain in residential care for 6 months, at a cost of £306k. WG have refunded £72k towards the costs for the period April – June. The budget also includes an income target of £200k for contributions toward the health cost of existing placements, from Swansea University Health Board. However, due to changes to placements since the budget was set, there is currently a £80k shortfall against this target. 3 further cases are currently being referred to the Health Board for funding, which if successful will reduce this shortfall.

- **Hillside - £894k overspend**  
 Hillside has a block contract with the Youth Custody Service (YCS) which guarantees payment for 6 beds, and the remaining 12 welfare beds are available for use by other Local Authorities. Due to the pandemic there has been a block on new placements, and as a consequence only 7 of the 12 welfare beds were occupied during April and July, and 8 beds in July to September, resulting in a loss of income to date of £891k. The projected loss to the end of the year is £1.2m and is based on the current occupancy of 8 beds, and partly offset by savings on staff costs. WG have received funding of £467k for the loss of income for the period April – June.
- **Day Care – External Provision £72k underspend**  
 The underspend is due to savings on staff costs funded by the ICF MAPSS (Multi Agency Placement Support Service) project, in the integrated family support service.
- **Adoption service £314k underspend**  
 The joint service has reported an underspend, and it is therefore anticipated that the NPT contribution to make to the Joint service will be £350k less than the budget provision. The saving is partly offset by an anticipated increase in adoption allowances.
- **Youth Offending Service £95k overspend**  
 The overspend is largely due to the additional cost of 3 remand placements (£227k), of which £110k has been refunded from the LA Hardship fund for the period April to June. No further funding from WG is anticipated.
- **Community Care Management £87k underspend**  
 The underspend is largely due to a reduction in the number of payments made to external assessors for Deprivation of Liberty (DOLS) assessments.
- **Business Support Services £134k underspend**  
 The underspend is due to savings on staff costs and general office expenses.
- **Elderly Residential Care £270k underspend.**  
 The underspend has arisen because occupancy levels at homes reduced significantly during the lockdown, due to reduced demand for placements and as Public Health Wales declared that homes must be COVID19 free for 28 days before they can accept any new placements.

All staff working in the homes are being tested regularly for the virus, which could also impact on future staffing arrangements and costs in the homes.

Additional financial support (£537k) has been paid to those homes experiencing a significant number of voids, which has been funded from the £40m provided by the WG LA Hardship fund for social care costs.

WG have announced that further funding is being made available for the period July – March 2021 to increase the rates paid to homes by £50/week, and to support providers to address market stability pressures e.g. voids, exceptional, unpredictable, emergency expenses. Initial estimates indicate that this will amount to an additional £240k per month for July to March 2021.

- **Community Resource Team £114k underspend**

The underspend is due to savings on staff costs and car allowances. All the vacancies have now been filled.

- **Learning Disability external placements £194k underspend**

Demand for placements reduced during lockdown.

In the period April to June PPE and additional fees of £139k were paid to providers to fund the additional costs incurred due to COVID, which has been reimbursed by WG from the LA Hardship Fund.

WG have announced that further funding is available for the period July to March to increase the rates paid to providers of external placements, and to support providers to address market stability pressures e.g. voids, exceptional, unpredictable, emergency expenses. Initial estimates indicate that this will amount to an additional £30k per month for July to March.

- **Community Independence service £95k underspend**

The team have been operating a reduced service during lockdown and the underspend is due to grant income being used to fund a post, and savings on weekend and overtime costs.

- **Transport £82k underspend** Savings on transport have arisen due to the closure of many day services during lockdown

- **Mental Health External Placements £81k overspend** This is due an increase in the number of service users receiving support.

**The Social Services Budget is projected to underspend by £126k (after proposed virements and reserve transfers).**

## 17 Environment

- **Parking £903k overspend** – The overspend is due to a projected shortfall in income for the period July – March 2020. WG have funded £420k for lost income for April to June but have indicated that no further funding will be available for loss of income arising from local policy decisions.
- **Refuse collection £171k overspend** – WG have funded the loss of income for the period April to June (£210k), but have advised that they will not fund any further additional waste service costs from the LA Hardship fund.
- **Waste Disposal and Recycling £432k overspend.** The overspend is due to a reduction in the price per tonne for the sale of recycling waste, and the introduction of a charge for the disposal of some recycling items - which is anticipated to continue to March 2021
- **Household waste recycling centres £65k overspend** - The overspend is due to additional costs arising from COVID restrictions
- **Building Services**  
Works were suspended during the lockdown, and it was not possible to generate income from external clients to fund the fixed costs (including staffing). WG have confirmed that they will fund the loss relating to April to June of £304k - thereby offsetting the overspend previously reported.
- **Markets £30k overspend** – the overspend is due to the loss of external rental during lockdown and additional cost of implementing social distancing. WG have recently confirmed that they will refund £58k for the loss of income for the period April to June, thereby reducing the overspend.
- **Streetcare Services £67k overspend** – the projected overspend is due to anticipated additional costs of PPE and hand sanitizer for the period July to September, as it is unclear if these additional costs will continue to be funded by WG.
- **Building Control £68k overspend** – the projected overspend assumes a reduction in income for the first 6 months of the year, due to reduced activity during the lockdown. WG have refunded £10k for loss of income for April to June.
- **Industrial Workshops £253k overspend** - the overspend is based on the loss of external rental income for 4 months due to the lockdown, and further reduction in income due to the difficulties recovering income from tenants due to the financial impact on businesses following the lockdown. WG have recently announced that they will fund £214k for the loss of income from April to June.

## **Other**

Enabling Natural Resources and Wellbeing Grant - £84k grant income is included in the budget which funds fixed salary and vehicle hire costs. We are still waiting confirmation of the grant and should it not be received this will result in a budget pressure.

**The Environment budget is projected to over spend by £1.991m, (after proposed virements and reserve transfers).**

## 18 **Corporate Services**

- There are no variances of over £50k to report, and the small underspend is due to net savings on staffing costs

**The Corporate Services Directorate is projected to under spend by £8k (after proposed virements and reserve transfers).**

## 19 **Central and Other Budgets**

**Council Tax Support £354k** – the projected overspend is based on additional claims made to the end of September which has been partly offset by funding of £120k received from WG for the period April – June. WG are receiving monthly Council Tax Support returns from all Welsh Local Authorities and are due to further consider the increased costs for quarter 2.

However it is probable that the net overspend will increase during the remainder of 2020/21 and could rise to circa £1m should there be a large number of job losses, the closure of local businesses and an increase in the number of Universal Credit claims arising due to the ongoing economic impact of the pandemic.

- **Contingency – £280k** - remains uncommitted in the contingency with the balance of £257k used to offset the pressures arising from COVID19.
- **Contingency for pay award** – the pay award for green book staff has now been confirmed at 2.75% and a virement has been actioned to allocate £982k to Directorates to fund the additional costs above the 2% included in the original budget. The balance of

£318k in the provision is being used to offset the pressures arising from COVID19.

- **Council Tax recovery** – a range of measures has been introduced to support residents facing financial difficulties, in paying their council tax, during the lockdown. As a consequence the collection of council tax income for April and September is lower than in previous years by approximately £800k and a potential shortfall of £2m could arise in year.

In a worst case scenario council tax collected might deteriorate further during the remainder of the year and may increase to circa £5m by the end of March 2021, due to the ongoing financial impact of the pandemic.

Welsh Government have not yet confirmed if funding will be available to offset this shortfall. The position will be subject to ongoing review but if collection rates continue to fall, or additional WG funding is not made available, then it will be necessary to reduce the collectible income included in the accounts for 2020/21 and £2m has been included in the projection for this year.

- **COVID19 Safe & Well - £45k overspend** - The service was established to support vulnerable residents who were shielding during the first wave of the pandemic. Costs of £218k have been incurred from April to the end of September of which £173k has been funded from the LA Hardship Fund. However WG have subsequently advised that they will not fund any further costs. Arrangements have been made to reduce this service safely, and to enable people to use local delivery services. However there may be further costs incurred during the second half of the financial year if the service needs to be recommissioned
- **COVID19 Llandarcy Field Hospital** - The Council has undertaken the works required to convert the Llandarcy Sports Academy into a Field hospital on behalf of the Swansea Bay University Health Board. Costs of £1.839m have been incurred to the end of September, with the total cost of conversion and re-instatement works estimated to be £2.25m excluding VAT. An invoice for £1.65m plus VAT has been reimbursed by the Health Board. Reinstatement works to return the facilities to leisure have commenced and are scheduled to be completed by early November upon which the Council will invoice for reimbursement.



- **COVID19 Test Trace & Protect Service** - the service commenced on 1<sup>st</sup> June, with approximately 100 staff re-deployed from other council services, originally into 6 teams. During September many of the re-deployed staff returned to their substantive posts, and external staff have been recruited to the service. Due to the increased number of Covid19 positive cases arising during September/October 2020 some of the former re-deployed staff have been asked to return to supplement the TTP service whilst further external recruitment is taking place.

WG has allocated funding of £45m across Wales, of which £6.1m has been allocated to the Swansea Bay University Health Board Region covering the Health Board, NPT and Swansea Councils. Funding is for additional costs only and redeployed staff will continue to be funded from the council base budget.

Additional costs of £258k (staff overtime, staff additional pay, pay for the new recruits, IT kit etc) have been incurred to the end of September, for which funding will be drawn down via Swansea Bay University Health Board.

- **COVID19 – £10k & £25k Grants to Business** – funding of £30m has been received from WG to support businesses experiencing financial difficulty due to the lockdown, of which £28m has been paid out to the end of September.
- **COVID19 Start up Grants** – Funding of £207k has been allocated by WG of which £80k has been paid out to the end of September.
- **COVID19 Lockdown Business Fund Grants** – This is a fund to provide financial assistance to businesses that are facing operational and financial challenges caused by the national firebreak lockdown announced for Wales as a result of COVID-19. The purpose of the fund is to support businesses with cash flow support to help them survive the economic consequences of the restrictions put in place. The fund consists of two separate grants which can be applied for:

Lockdown Non Domestic Rate Grant – All eligible businesses and organisations must have property registered to pay business rates. All small businesses receiving small business rates relief up to an RV of £12,000 are eligible to apply for £1,000. All retail, leisure and hospitality businesses and organisations with an RV of between £12,001 and £51,000 can apply for a grant of £5,000.

In addition businesses eligible for small business rates relief that have been subject to local restrictions for 3 weeks or more and have been materially impacted (>50% reduction in turnover) up to the 23rd October will be eligible to apply for a further grant of £1,000; and a discretionary enhanced £2,000 top-up grant is also available on an application basis for those businesses with a rateable value of £12,000 or less who are forced to close by the firebreak lockdown.

Lockdown Discretionary Grant – this discretionary grant of £1,500 or can be applied for where business has been forced to close (as a result of the national firebreak lockdown or are able to demonstrate that the national firebreak lockdown will result in at least a 80% reduction in their turnover for that period. This grant can increase to £2,000 if the business has also been subject to local restrictions for 3 weeks or more up to the 23rd October and experienced at least a 50% reduction in their turnover for that period.

Neath Port Talbot Council has received £7.427m to assist local businesses and organisations of which £675k relates to the Lockdown Discretionary Grant. These grants must be applied for between 28 October and 20 November 2020 in line with WG guidelines.

The Welsh Government has also announced £80m of funding through its Economic Resilience fund which is managed by Business Wales.

- **COVID19 Freelance Grant** – funding of £249k has recently been allocated by WG to NPT, to assist people working on a freelance basis in the cultural and creative sector who have been unable to work due to closure of their sector, and who have been unable to access financial support via any other assistance schemes. The grant payable is £2,500 per applicant.
- **COVID19 Childcare Providers Grant** - WG announced funding £4.5m to pay grants of up to £5,000 to childcare providers including child minders etc that had not received grants from Economic Resilience Fund, Business grants paid by Local Authorities or COVID related grants from various sources.
- **Covid19 Local Authority Enforcement Capacity** – WG have announced that £2.5m of the LA Hardship fund is earmarked for enhancing enforcement capacity to 31 March 2021. There is no

guarantee of the funding being extended into 2021/22 financial year. The Council has employed 8 additional officers to support Environmental Health and Licensing Regulatory work and will receive maximum funding of £180k from this allocation. This will be claimed monthly from the LA Hardship Fund.

### **Financial Summary**

- 20 The Net Authority budget is projected to over spend by £6.509m after proposed virements and reserve transfers. We will continue to manage services during the pandemic and to recover relevant additional costs and income loss from the Welsh Government’s Hardship Fund. This position will be reviewed and updated on a regular basis as the potential for a large variance to this projected overspend is high, as the economy, businesses and services move into recovery mode.

### **Virements**

- 21 The Council’s constitution requires the prior approval of any virement that does not involve a significant variation in the level or nature of the delivery of service agreed by Council in the Revenue Budget as follows:-

- Less than £100,000 – Corporate Directors
- More than £100,000 but less than £500,000 – Cabinet
- More than £500,000 – Council

The following virements are proposed for approval by Cabinet

<b><u>Value</u></b>	<b><u>Dir</u></b>	<b><u>Service</u></b>
£330,000	ELLL	Funding for additional 0.75% pay award for the non-teaching pay award
£280,000	SSHH	
£220,000	ENVT	
£152,000	CORP	
-£982,000	Other	

It is also proposed that members approve to vire/distribute, once confirmed by WG, the additional grant funding they are providing for the September 2020 Teachers pay award to individual schools and Central Education.

The following virements have been approved by Corporate Directors

<u>Value</u>	<u>Dir</u>	<u>Service</u>
-25,000	ELLL	Education Welfare Service
25,000	ELLL	Management & admin
-10,068	ENVT	Drainage services
-15,279	ENVT	Pest control
15,279	ENVT	Parks & Open spaces
-16,890	ENVT	Estates
41,329	ENVT	Management support
-10,260	ENVT	Planning Policy
-632	ENVT	Environmental Health
-3,479	ENVT	Food & Health & Safety
-98,000	ENVT	Neighbourhood services
98,000	ENVT	Refuse collection
-30,000	CORP	Accountancy Technical
-30,000	CORP	Payroll
-10,000	CORP	Assessments
-30,000	CORP	Housing Benefits Admin
100,000	CORP	Human Resources/Unions

### **Reserve movements**

- 22 The following Reserve movements are proposed for approval by Cabinet

<b>Value</b>	<b>Reserve</b>	<b>Explanation</b>
£34,679	ERVR Reserve	Costs of ERVR in Drainage services funded from reserve
£25,000	ENVT Equalisation Reserve	Utilise funds transferred to reserve in 19/20 for delayed due to COVID19.

<b>Value</b>	<b>Reserve</b>	<b>Explanation</b>
-£189,620	Social Services Equalisation Reserve	The planned transfer from reserve for temporary staff is no longer required
£9,510	ERVR Reserve	Costs of ERVR in the Waste Disposal & Recycling service funded from reserve
-£106,000	Local Development Plan Reserve	Planned transfer from reserve no longer required but sum will be required to fund future year costs
-£137,000	ENVT Housing Equalisation Reserve	Planned transfer from reserve no longer required, due to delays in planned works in default
-£100,000	CORP Equalisation Reserve	£100k of the planned transfer from reserve (£300k) for the new HR/Payroll MHR system is no longer required in full

### 23 **Additional grants awarded**

The following additional grants have been awarded since the last report to cabinet

Post 16 Accelerated Learning Programme £80k

Early Years Integration Transformation Programme £100k

Face mask coverings for schools £85k

Adult Digital Learning Grant £14,300

Communities for Work Plus £170,227

Deprivation of Liberties Safeguards funding £12k

Pupil Deprivation Grant £6.109m – this will be distributed to schools.

### **Integrated Impact Assessment**

- 24 There is no requirement to undertake an integrated impact assessment as this report summarises the Council's financial position in relation to its net expenditure, income and grants.

## **Valleys Communities Impacts**

- 25 All parts of the County Borough have been affected by COVID19. The Council continues to provide support to the most vulnerable as best as we can across the Valleys, Towns and the whole of the County Borough.

## **Workforce Impacts**

- 26 All employees have been affected by COVID19. The Council has worked with Trade Unions to develop new safe systems of working during the pandemic and will continue to work with Staff and Trade Unions as we move through the various stages to Recovery for service delivery. Some staff have been redeployed to higher priority roles within the Council including Safe and Well, Test Trace and Protect (TTP), front line Social care, School Hubs, etc. Additional staff have also been recruited to support some services including TTP and Enforcement Services.

## **Legal Impacts**

- 27 The Council has been ensuring that it complies with new regulations and directions issued by the UK and Welsh Governments during the COVID pandemic. Service provision has been stopped, repurposed or developed to comply with the new rules. Further changes are expected when we move through the Recovery stage.

## **Risk Management Impact**

- 28 COVID19 has impacted significantly on the Council, its services and activities since the UK Government Lockdown announcement which commenced on 23 March 2020.
- 29 Some services have continued with some adaptations to operate with social distancing or use of PPE including residential care homes, home care, waste collection and disposal services. Some new services were developed to safeguard vulnerable people such as those shielded i.e. safe and well, schools operating as Hubs for vulnerable and key worker children, new systems developed to work from home, pay grants to businesses and families of children entitled to Free School Meals. Some services were initially stopped

and staff were redeployed / newly recruited into services such as the Test Trace and Protect service.

- 30 Governance arrangements have also had to be updated to operate under new arrangements.
- 31 The consequences of actions and activity undertaken are reflected in this report and the Council will continue to regularly review and update its financial predictions for 2020/21 and report them to Members. The Council will also ensure that Welsh Government and our external auditor are sighted on operational and financial implications and we will continue to strive for additional funding to minimise adverse impact on taxpayers and service users in future years

### **Consultation**

- 32 There is no requirement for external consultation on this item

### **Recommendations**

- 33 It is recommended that:
  - Members approve the proposed reserve movements and budget virements
  - Members note the operational and financial issues set out in this report
  - The Council will continue to work with Welsh Government and in line with legislation, regulations and directions to deliver services during these challenging times.
  - Note the additional grants received
  - The Council continue to seek additional funding from Welsh Government to cover COVID19 consequences of increased expenditure, loss of income, increased cost of Council Tax Support and council tax collection shortfalls that adversely impact on Council funding and activity.

## **Reason for Proposed Decision**

- 34 To monitor and update the Council's Budget projections for 2020/21 and inform Members of the financial risks arising from COVID19.

## **Implementation of Decision**

- 35 The decision is proposed for implementation after the three day call in period.

## **Appendices**

Appendix 1 – Budget Summary

Appendix 2 – Specific Reserves

Appendix 3 – General Reserve

Appendix 4 – WG LA Hardship Fund Loss of income eligibility criteria

## **List of Background Papers**

Budget Update Working Papers

## **Officer Contact**

For further information on this report item, please contact:

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## Appendix 1

<b>Summary 2020-21</b>	<b>Original</b>	<b>Virements</b>			<b>Revised</b>	<b>Projected</b>	<b>Variance</b>
<b>at 30th September 2020</b>	<b>Budget</b>	<b>CAB 25/6</b>	<b>CAB 2/9</b>	<b>CAB 11/11</b>	<b>Budget</b>	<b>Outturn</b>	
	<b>2020/21</b>				<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>
	<b>£</b>				<b>£</b>	<b>£</b>	<b>£</b>
Education, Leisure and Lifelong Learning - Schools	90,137,000	0	0	0	90,137,000	90,436,000	299,000
Education, Leisure and Lifelong Learning - Other	25,882,000	0	0	330,000	26,212,000	28,742,847	2,530,847
Social Services Health & Housing	83,281,000	0	0	280,000	83,561,000	83,434,514	-126,486
Environment	39,525,000	239,100	0	220,000	39,984,100	41,975,598	1,991,498
Corporate Services	18,208,000	46,000	0	152,000	18,406,000	18,397,762	-8,238
<b>Directly Controlled Expenditure</b>	<b>257,033,000</b>	<b>285,100</b>	<b>0</b>	<b>982,000</b>	<b>258,300,100</b>	<b>262,986,721</b>	<b>4,686,621</b>
Swansea Bay Port Authority	47,000				47,000	46,637	-363
Fire Authority	7,890,164				7,890,164	7,890,164	0
Margam Crematorium	1,000				1,000	553	-447
Archives	96,000				96,000	95,600	-400
Magistrates Court	12,000				12,000	11,264	-736
Capital Financing	19,282,000				19,282,000	19,282,000	0
Council Tax Support	18,748,000				18,748,000	19,102,092	354,092
Pay & Pension Provision	1,300,000			-982,000	318,000	0	-318,000
Contingency	822,453	-285,100			537,353	280,000	-257,353
Management of change	500,000				500,000	500,000	0
NP Safe & Well Service	0				0	45,177	45,177
Cont from General Reserve	-1,650,000				-1,650,000	-1,650,000	0
<b>Net Budget Requirement</b>	<b>304,081,617</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>304,081,617</b>	<b>308,590,208</b>	<b>4,508,591</b>
RSG	-177,352,786				-177,352,786	-177,352,786	0
NNDR	-49,408,800				-49,408,800	-49,408,800	0
Discretionary rate relief	386,684				386,684	386,684	0
Council Tax	-77,706,715				-77,706,715	-75,706,715	2,000,000
<b>Total Funding</b>	<b>-304,081,617</b>		<b>0</b>	<b>0</b>	<b>-304,081,617</b>	<b>-302,081,617</b>	<b>2,000,000</b>
Overspend							<b>6,508,591</b>

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## Specific Reserves

## Appendix 2

Description	Reserve at 1st April 2020	Original Net Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Bal at 31 Mar 2021
	£000	£000	£000	£000	£000
<b>EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>					
<b><i>Delegated Schools Cash Reserves</i></b>					
ERVR Primary	Cr 8	0	0	0	Cr 8
Primary Schools Reserve	Cr 636	0	0	0	Cr 636
Secondary Schools Reserve	Cr 109	0	0	0	Cr 109
Special Schools Reserve	305	0	0	0	305
Middle Schools reserves	1,074	0	0	0	1,074
Repairs and Maintenance Reserve	Cr 161	0	0	0	Cr 161
	465	0	0	0	465
<b><i>Education, Leisure and Lifelong Learning</i></b>					
Margam Discovery Centre - Building Maintenance Reserve	Cr 48	Cr 50	0	0	Cr 98
Equalisation Account - Education	Cr 1,373	200	Cr 7	0	Cr 1,180
Home to School Transport	Cr 111	0	0	0	Cr 111
	Cr 1,532	150	Cr 7	0	Cr 1,389
<b>Total Education Leisure &amp; Lifelong Learning</b>	<b>Cr 1,067</b>	<b>150</b>	<b>Cr 7</b>	<b>0</b>	<b>Cr 924</b>
<b>SOCIAL SERVICES, HEALTH &amp; HOUSING</b>					
Homecare ECM Equipment Reserve	Cr 73	Cr 10	0	0	Cr 83
Community Care Transformation Reserve	Cr 108	102	0	0	Cr 6
Social Services Equalisation	Cr 940	321	0	Cr 190	Cr 808
Hillside General Reserve	Cr 274	0	0	0	Cr 274
Youth Offending Service - Equalisation	Cr 153	0	0	0	Cr 153

## Specific Reserves

## Appendix 2

Description	Reserve at 1st April 2020	Original Net Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Bal at 31 Mar 2021
	£000	£000	£000	£000	£000
Adoption service	Cr 100	0	0	0	Cr 100
<b>Total Social Services Health &amp; Housing</b>	<b>Cr 1,648</b>	<b>413</b>	<b>0</b>	<b>Cr 190</b>	<b>Cr 1,424</b>
<b>ENVIRONMENT</b>					
Concessionary Fare - Bus Pass Replacement Reserve	Cr 152	60	0	0	Cr 92
Asset Recovery Incentive Scheme	Cr 126	0	0	0	Cr 126
Local Development Plan	Cr 181	106	0	Cr 106	Cr 181
Economic Development	0	0	0	0	0
Winter Maintenance Reserve	Cr 754	0	10	0	Cr 744
Baglan Bay Innovation Centre - Dilapidation Reserve	Cr 78	0	0	0	Cr 78
Renewable Energy Reserve	Cr 11	0	0	0	Cr 11
Environmental Health - Housing Equalisation	Cr 137	137	0	Cr 137	Cr 137
Workways NPT Reserve	Cr 159	0	0	0	Cr 159
Environment Equalisation Reserve	Cr 715	182	4	25	Cr 504
	Cr 2,313	485	14	Cr 218	Cr 2,032
<b>Operating Accounts</b>					
Operating Accounts Equalisation	Cr 36	0	0	0	Cr 36
Vehicle Tracking	Cr 92	47	0	0	Cr 45
Operating Accounts -Vehicle Renewals	Cr 1,906	149	0	0	Cr 1,757
	Cr 2,034	196	0	0	Cr 1,838
<b>Total Environment</b>	<b>Cr 4,347</b>	<b>681</b>	<b>14</b>	<b>Cr 218</b>	<b>Cr 3,870</b>

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## Specific Reserves

## Appendix 2

Description	Reserve at 1st April 2020	Original Net Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Bal at 31 Mar 2021
	£000	£000	£000	£000	£000
<b>FINANCE AND CORPORATE SERVICES</b>					
Elections Equalisation Fund	Cr 240	Cr 15	0	0	Cr 255
Health & Safety / Occupational Health	Cr 41	0	0	0	Cr 41
Development Fund for Modernisation	Cr 115	0	0	0	Cr 115
IT Renewals Fund	Cr 843	445	Cr 163	0	Cr 561
Corporate Equalisation Reserve	Cr 535	465	Cr 11	Cr 100	Cr 181
Building Capacity	Cr 197	75	Cr 24	0	Cr 147
Voluntary Organisation Reserve	Cr 13	0	0	0	Cr 13
<b>Total Finance and Corporate Services</b>	<b>Cr 1,984</b>	<b>970</b>	<b>Cr 198</b>	<b>Cr 100</b>	<b>Cr 1,313</b>
<b>COUNCIL RESERVES</b>					
Insurance Reserve	Cr 6,651	0	0	0	Cr 6,651
Swansea Bay City Deal	Cr 113	0	0	0	Cr 113
Income Generation Reserve	Cr 654	104	0	0	Cr 550
Member Community Fund	Cr 391	Cr 100	0	0	Cr 491
Community Resilience fund	Cr 2,000	0	0	0	Cr 2,000
Housing Warranties	Cr 220	0	0	0	Cr 220
Pantteg Landslip Reserve	Cr 500	0	0	0	Cr 500
Waste Reserve	Cr 393	0	0	0	Cr 393
LAWDC Contingency Reserve	Cr 1,012	0	0	0	Cr 1,012
Schools IT Equalisation (HWB)	Cr 250	163	0	0	Cr 87
Corporate Contingency	Cr 2,269	48	0	0	Cr 2,221
Treasury Management Equalisation Reserve	Cr 7,639	0	0	0	Cr 7,639
ERVR - Transitional Reserve	Cr 4,536	0	16	44	Cr 4,476

## Specific Reserves

## Appendix 2

Description	Reserve at 1st April 2020	Original Net Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Bal at 31 Mar 2021
	£000	£000	£000	£000	£000
Accommodation Strategy	Cr 2,274	250	0	0	Cr 2,024
<b>Total Council Reserves</b>	<b>Cr 28,902</b>	<b>465</b>	<b>16</b>	<b>44</b>	<b>Cr 28,377</b>
<b>JOINT COMMITTEES</b>					
Workways Regional Reserve	Cr 93	0	0	0	Cr 93
Environment Legacy Reserve (SWTRA)	Cr 60	0	0	0	Cr 60
Substance Misuse Area Planning Board	Cr 41	0	0	0	Cr 41
WB Safeguarding Board Reserve	Cr 92	0	0	0	Cr 92
Intermediate Care Pooled Fund	Cr 28	0	0	0	Cr 28
	<b>Cr 314</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Cr 314</b>
<b>TOTAL ALL REVENUE RESERVES</b>	<b>Cr 38,261</b>	<b>2,679</b>	<b>Cr 175</b>	<b>Cr 463</b>	<b>Cr 36,221</b>

## General Reserve

## Appendix 3

	<b>Original Estimate 2020/21</b>	<b>Revised Estimate 2020/21</b>	<b>Difference 2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Opening balance 1st April</b>	<b>Cr 19,128</b>	<b>Cr 19,921</b>	<b>Cr 793</b>
Council Tax increased income	Cr 1,300	Cr 1,300	<b>0</b>
Capital - Phase II Accommodation financing costs	170	170	<b>0</b>
Doubtful Debt Provision	200	200	<b>0</b>
Contributions to the Economic Development Fund	200	200	<b>0</b>
Community Councils Grant Scheme	25	38	<b>13</b>
Member Community Development Fund	300	300	<b>0</b>
Estimated budget shortfall as at 30th September 2020	0	6,509	<b>6,509</b>
Contribution from /to revenue	1,650	1,650	<b>0</b>
<b>Estimated Closing balance 31st March</b>	<b>Cr 17,883</b>	<b>Cr 12,154</b>	<b>5,729</b>

## WG – LA Hardship Fund - loss of income eligibility criteria

Service	Allowable	Disallowed	Review in February 2021
<b>Education</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> School breakfast clubs</li> <li><input type="checkbox"/> After school clubs</li> <li><input type="checkbox"/> School premises/facility hire</li> <li><input type="checkbox"/> School catering</li> <li><input type="checkbox"/> Music services</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Refunds of cancelled school trips</li> <li><input type="checkbox"/> External/Sponsor/Grant Contributions</li> <li><input type="checkbox"/> Internal charges</li> </ul>	
<b>Planning, development and rents</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Markets rentals</li> <li><input type="checkbox"/> Street trading</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> External/Sponsor/ Grant Contributions</li> <li><input type="checkbox"/> Internal charges</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Planning fees</li> <li><input type="checkbox"/> Building Control fees</li> <li><input type="checkbox"/> Land Charges</li> </ul>
<b>Central Services</b>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Rent reductions / holidays to businesses for <b>Q1 only</b></li> <li><input type="checkbox"/> Commercial property investments</li> <li><input type="checkbox"/> External contract delivery</li> <li><input type="checkbox"/> Premises/facility hire</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Council tax</li> <li><input type="checkbox"/> NNDR</li> <li><input type="checkbox"/> Debt/liability orders</li> <li><input type="checkbox"/> Investment income due to interest rate changes</li> <li><input type="checkbox"/> Lost investment opportunities</li> <li><input type="checkbox"/> Lost savings from early payment</li> <li><input type="checkbox"/> Rent reductions / holidays <b>after Q1</b></li> <li><input type="checkbox"/> External/Sponsor/ Grant Contributions</li> <li><input type="checkbox"/> Professional fees</li> <li><input type="checkbox"/> Internal charges</li> <li><input type="checkbox"/> Trading companies</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Registrars</li> <li><input type="checkbox"/> Permits</li> <li><input type="checkbox"/> Courts</li> </ul>

## WG – LA Hardship Fund - loss of income eligibility criteria

Service	Allowable	Disallowed	Review in February 2021
<b>Council fund housing services</b>		<input type="checkbox"/> HRA related	
<b>Adult Social Services</b>	<input type="checkbox"/> Day care centres	<input type="checkbox"/> External/Sponsor/Grant Contributions	
<b>Children’s Social Services</b>	<input type="checkbox"/> Placement/client fees <input type="checkbox"/> In-house nursery provisions <input type="checkbox"/> Premises/facility hire		
<b>Environmental and Regulatory</b>	<input type="checkbox"/> Waste <input type="checkbox"/> Public conveniences <input type="checkbox"/> Advertising <input type="checkbox"/> Fixed penalty notices <input type="checkbox"/> Pest control <input type="checkbox"/> External contract delivery	<input type="checkbox"/> External/Sponsor/Grant Contributions <input type="checkbox"/> Professional fees <input type="checkbox"/> Internal charges	<input type="checkbox"/> Licencing <input type="checkbox"/> Food hygiene rating
<b>Transport &amp; Highways</b>	<input type="checkbox"/> Car parking budgeted income <input type="checkbox"/> Civil enforcement notices <input type="checkbox"/> Bus station rentals <input type="checkbox"/> Harbour fees <input type="checkbox"/> MOT fees <input type="checkbox"/> External contract delivery	<input type="checkbox"/> Car parking where a change to policy made since start of pandemic increases losses <input type="checkbox"/> Concessionary fares <input type="checkbox"/> External/Sponsor/Grant Contributions <input type="checkbox"/> Professional fees <input type="checkbox"/> Internal charges	



WG – LA Hardship Fund - loss of income eligibility criteria

Service	Allowable	Disallowed	Review in February 2021
<b>Cultural and related services</b>	<input type="checkbox"/> Leisure services <input type="checkbox"/> Tourism	<input type="checkbox"/> Cultural venues covered by the cultural fund	

Mae'r dudalen hon yn fwiadol wag

## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### CABINET

#### REPORT OF THE HEAD OF FINANCE – HUW JONES

11 November 2020

#### SECTION A – MATTERS FOR DECISION

#### WARDS AFFECTED – ALL

#### Capital Programme Monitoring Report Quarter 2 - 2020/21

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

1. To provide Members with information in relation to delivery of the 2020/21 Capital Programme.

##### **Background**

2. On 5<sup>th</sup> March 2020 Council approved its Capital Programme for 2020/21; the report detailed planned Capital Expenditure totalling £87.92m for the financial year.

The purpose of this report is to update Members as to the delivery of this Programme as at 30<sup>th</sup> September 2020 and to seek approval to update the 2020/21 budget.

##### **Targeted Achievements**

3. As Members are aware the following achievements are being targeted during this financial year:
  - Progression of the Council's Band B 21<sup>st</sup> Century Schools programme;
    - Cefn Saeson - a new replacement 11-16 School in the Cimla area of the County Borough.

- Abbey Primary – a new primary school to replace the current Primary school which is based across three sites in Neath Abbey, Skewen and Longford.
  - Ysgol Gymraeg Ystalyfera Phase 3 - the addition of a new build block comprising six extra classrooms and 3G rugby pitch provision.
- Investment in a flood and coastal risk prevention project at Aberavon Seafront.
  - County Borough regeneration including the continuation of the Neath Town Centre redevelopment along with commencement of works on Neath Transport Hub. Development works on the former Crown building, redevelopment works on the former Plaza cinema in Port Talbot along with the Harbourside infrastructure project.
  - Further investment of £3m into Disabled Facility Grants to assist people to live at home together with an investment of over £3m in Schools Capital Maintenance and Highways and Engineering Maintenance improvements.

### **Changes to the approved Budget**

4. The updated Capital Programme now totals £77.684m with the main changes proposed being:
  - Projects and funding carried forward from 2019/20 totalling £2.373m, the majority of which relate to Highways & Engineering Maintenance, Flood and Coastal Risk Prevention and Street Lighting.
  - Grant approvals received after the original programme was set of £3.525m predominantly relating to local transport network improvements, road safety and flood/drainage works.
  - The 2020/21 budget for Cefn Saeson has been reduced by £1.717m. This is due to additional spend being incurred in 2019/20 and the project progressing ahead of schedule.

- A £8.25m budget had been included in 2020/21 in relation to the redevelopment of Neath Town Centre. However, £5.25m of this has now been re-profiled into 2021/22 to reflect the profile of the works required on the site. The project is still on course to finish by May 2022.
- A £5.759m budget had been included in 2020/21 in relation to the Plaza development. However, £2.262m of this has now been re-profiled into 2021/22 to reflect the profile of the works required on the site.
- A budget of £1.400m had been included in 2020/21 for Margam Park Activity Investment. However £1.094m has now been re-profiled into 2021/22 to reflect the fact that the project is being developed.
- The 2020/21 budget of £4.612m for Harbourside Infrastructure has been reduced by £2.729m to reflect revised project delivery and timescales.
- An additional budget of £1.486m has been included in 2020/21 for the Vehicle Replacement Programme to reflect the purchase of additional vehicles for the Councils fleet funded from reserves.

### **Additional Capital Funding**

5. As part of the 2018/19 Welsh Government settlement announcement, an additional £5m of un-hypothecated funding was allocated over 3 years. Of this £5m, £1.180m was spent in 2019/20 with £3.830m originally planned to be spent in 2020/21. However, £990k of this original 2020/21 budget needs to be re-profiled into 2021/22 to reflect planned spend.

### **Additional Schools Capital Maintenance Grant**

6. In March 2019 Welsh Government allocated an additional £1.9m to fund school maintenance works, £360k was spent in 2019/20 and the balance planned for 2020/21 and 2021/22. The original 2020/21 budget of £1.671m has been reduced to £800k with the balance being re-profiled to 2021/22.

Also in January 2020 Welsh Government announced a further allocation of £1.9m which was planned to be spent in 2020/21 and 2021/22. The original 2020/21 budget of £1.928m has been reduced to £755k with the balance being re-profiled to 2021/22 to reflect planned spend.

### **Impact of COVID**

7. The Covid pandemic has resulted in increased costs for some contracts due to the requirement to provide increased facilities on sites i.e. additional welfare provision to facilitate social distancing. Currently these increased costs are being met from existing budget resources.

### **2020/21 Capital Expenditure**

8. Specific details of Capital Expenditure as at 30<sup>th</sup> September 2020 is outlined in Appendix 1 of this report

### **Financial Impact**

9. All relevant details are set out in the body of the report.

### **Valleys Communities Impact**

10. No implications

### **Workforce Impacts**

11. There are no workforce impacts arising from this report.

### **Legal Impacts**

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

### **Risk Management**

13. The capital programme is actively managed by managers and the Capital Programme Steering Group to comply with all relevant planning conditions, legislation, regulations and health and safety.

### **Consultation**

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

### **Recommendations**

15. It is recommended that Cabinet approves and then commends the updated Capital Programme to Council:
- The approval of the proposed 2020/21 budget totalling £77.684m;
  - And note the position in relation to expenditure as at 30<sup>th</sup> September 2020.

### **Reason for Proposed Decision**

16. To update the Council's Capital Programme for 2020/21.

### **Implementation of Decision**

17. The decision is proposed for implementation after the three day call in period.

### **Appendices**

18. Appendix 1 – Details of Capital Expenditure as at 30<sup>th</sup> September 2020

### **List of Background Papers**

Capital Programme working files

### **Officer Contact**

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## Appendix 1

### Capital Budget and Spend 2020/21 as at 30<sup>th</sup> September 2020

	<b>Current Budget £'000</b>	<b>Proposed Budget £'000</b>	<b>Actual @ 30 Sept 20 £'000</b>
Abbey Primary	5,311	5,424	67
Cefn Saeson	13,000	11,283	6,399
Ysgol Gymraeg Ystalyfera Bro Dur (North Campus)	3,402	3,327	705
Capital Maintenance – Education and Leisure	1,100	1,198	649
Welsh Medium School Grant - YGG Pontardawe, YGG Cwmllynfell & YGG Tyle'r Ynn	2,232	2,256	583
Infant Class Sizes Grant - YGG Rhosafan, YGG Castell Nedd, Gnoll Primary	684	708	40
Childcare Offer Grant - Small Grants Pot, Baglan Primary, Blaenbaglan Primary, Cwmavon, YGG Castell Nedd, YGG Blaendulais, Wauncerich Primary & Rhos Primary	3,678	3,788	541
Cymmer Afan Site Clearance & Land Reclamation	200	108	0
Leisure Investment	150	242	7
Margam Orangery Improvement Works	0	105	70
Margam Park Activity Investment	1,400	306	94
Pontardawe Arts Centre Cinema	500	200	0
Highways and Engineering Maintenance	1,625	2,138	676
Additional Highway Works (Highways Refurbishment Grant)	753	753	320
Drainage Grants	0	897	191
Local Transport Fund (multiple locations)	0	1,028	151
Active Travel Fund (multiple location)	0	218	183
Road Safety	0	205	0
Safe Routes in Communities	0	50	0
Flood & Coastal Risk Projects - Aberavon & Brunel Dock	1,400	1,067	889
Flood Recovery – various projects	0	927	181
Major Bridge Strengthening - A474 Neath	0	6	2
Trade Waste Recycling Investment	0	200	0



	<b>Current Budget £'000</b>	<b>Proposed Budget £'000</b>	<b>Actual @ 30 Sept 20 £'000</b>
Health & Safety	850	1,050	212
Street Lighting	491	974	0
MREC – site improvements	0	180	0
Vehicle Replacement Programme	1,237	2,723	1,233
Environment Street Scene Works	500	500	0
Regeneration: Harbourside Infrastructure	4,612	1,883	144
Regeneration: Plaza Redevelopment	5,759	3,497	329
Regeneration: Former Port Talbot Magistrates Court Refurbishment	0	300	202
Regeneration 6 Station Road	402	467	4
Regeneration: Seafront Regeneration	400	0	0
Regeneration: Aberafan Aquasplash	350	350	0
Regeneration: Employment & Business Start Up Space	500	500	6
Regeneration: Neath Town Centre Redevelopment	8,250	3,000	440
Regeneration 8 Wind Street	580	760	114
Regeneration: Former Crown Buildings Development	3,820	3,400	1,487
Regeneration: Neath Transport Hub	1,975	1,475	0
Regeneration: Property Enhancement Development Grant	1,160	1,000	3
Regeneration: Swansea Bay Technology Centre	5,100	4,692	167
Regeneration: Afan Forest	0	250	0
Regeneration: Cefn Coed Valley Landscape Park	1,900	1,900	4
Regeneration: Other	1,228	1,153	46
School IT/ Vehicle Financing	640	390	44
Capital Maintenance - SSHH	150	201	73
Hillside Secure Unit Improvement Works	2,000	1,737	2
Efficiency & Warm Homes	799	211	41
Disabled Facilities Grants	3,000	3,184	196
Schools & Leisure Maintenance - Additional Maintenance and Improvements	1,000	0	0
Capital Maintenance for Schools – previous year grants	3,599	1,559	340
Regeneration – various projects	575	565	0

	<b>Current Budget £'000</b>	<b>Proposed Budget £'000</b>	<b>Actual @ 30 Sept 20 £'000</b>
Maintenance - Unadopted structures and Council owned Tips	250	308	153
Information Technology and Agile Working	250	267	193
Other	659	2,504	1,120
Contingency	449	270	0
<b>Total</b>	<b>87,920</b>	<b>77,684</b>	<b>18,301</b>



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

### **CABINET**

#### **REPORT OF THE HEAD OF FINANCE – HUW JONES**

**11 NOVEMBER 2020**

#### **Matter for Monitoring**

**Wards Affected - All**

#### **Treasury Management Monitoring 2020/21**

#### **Purpose of Report**

1. This report sets out treasury management action and information for the first quarter of 2020/21.
2. This report will also be forwarded to the next Audit Committee in line with the Council's Treasury Management Practices Scrutiny arrangements.

#### **Rates of Interest**

3. The global outbreak of coronavirus has forced the UK Government to take drastic steps to stem the economic impact and this resulted in the Bank of England reducing the bank base rate.
4. During a special meeting of the Bank of England's Monetary Policy Committee on 10<sup>th</sup> March 2020, the Bank of England cut the rate from 0.75% to 0.25%, effective from 11<sup>th</sup> March, with a further reduction to 0.10% following shortly after on 19<sup>th</sup> March. The bank

warned that the pandemic will result in a "sharp and large" economic shock.

The following table details the changes in bank rate:

<b>Effective Date</b>	<b>Bank Rate</b>
8th January 2009	1.50%
5th February 2009	1.00%
5th March 2009	0.50%
4th August 2016	0.25%
2nd November 2017	0.50%
2 <sup>nd</sup> August 2018	0.75%
11 <sup>th</sup> March 2020	0.25%
19 <sup>th</sup> March 2020	0.10%

5. The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 9<sup>th</sup> October 2020:

	<b>Equal Instalments of Principal</b>		<b>Annuity</b>		<b>Maturity</b>	
	<b>Previous 07Jul20</b>	<b>Current 09Oct20</b>	<b>Previous 07Jul20</b>	<b>Current 09Oct20</b>	<b>Previous 07Jul20</b>	<b>Current 09Oct20</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
5-5.5 years	1.94	1.75	1.94	1.75	1.98	1.81
10-10.5 years	1.98	1.81	1.98	1.81	2.24	2.15
20-20.5 years	2.24	2.15	2.24	2.16	2.66	2.64
35-35.5 years	2.60	2.57	2.62	2.60	2.61	2.64
49.5-50 years	2.69	2.79	2.69	2.79	2.49	2.53

### **General Fund Treasury Management Budget**

6. The following table sets out details of the treasury management budget for 2020/21 along with outturn figures for 2019/20. The budget consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

<b>2019/20 Outturn</b>		<b>2020/21 Original Budget</b>
<b>£'000</b>		<b>£'000</b>
19,925	Principal and Interest charges	19,720
	<b>Investment Income</b>	
(497)	- Total	(400)
147	- less allocated to other funds	130
<b>(350)</b>	<b>Subtotal Income</b>	<b>(270)</b>
(301)	Contribution from General Reserves	(170)
	Contribution to General Reserves	
	Contribution to/(from) treasury management reserve	
<b>19,274</b>	<b>Net General Fund</b>	<b>19,280</b>

# NB: Other funds include Trust Funds, Social Services Funds, Schools Reserves, Bonds etc.

### **Borrowing**

7. There has been no new loan agreements entered into since the last quarterly report.

### **Investments**

8. The following are a list of investments as at 3<sup>rd</sup> November 2020:

<u>Counterparty</u>	<u>Value (£)</u>	<u>Investment type</u>	<u>Investment start</u>	<u>Investment maturity</u>	<u>Interest rate</u>
Lloyds Bank	£10,000,000	95 Day Call Account	27 <sup>th</sup> August 2020	95 days after called	0.20%

<u>Counterparty</u>	<u>Value (£)</u>	<u>Investment type</u>	<u>Investment start</u>	<u>Investment maturity</u>	<u>Interest rate</u>
Birmingham City Council	£5,000,000	Fixed	28 <sup>th</sup> August 2020	30 <sup>th</sup> November 2020	0.14%
Birmingham City Council	£5,000,000	Fixed	11 <sup>th</sup> September 2020	11 <sup>th</sup> December 2020	0.16%
Glasgow City Council	£10,000,000	Fixed	24 <sup>th</sup> September 2020	24 <sup>th</sup> June 2021	0.30%
Santander	£57,500,000	Call Account	N/A	N/A	0.10%

9. Please note – the Council’s investment criteria (TMP2 - appendix 1) allows for a maximum investment for an F1 rated counterparty to be £15m. Santander are currently an F1 rated counterparty – however, the policy also allows for this to be temporarily exceeded in exceptional circumstances. Member should note that during the COVID pandemic, this balance has been exceeded. The maximum amount placed with Santander was £117m on 9 June 2020 and the current balance invested as at 3<sup>rd</sup> November 2020 (i.e. at time of writing this report) is £57.5m.

### **Investment Income**

10. In line with the Council’s Investment Strategy, the 2020/21 original budget target for investment income is £400k, income for the financial year to date totals £155k. Due to the very low interest rates at present with base rate at 0.1%, it is highly unlikely that the investment income target will be met. Any unachieved income will be met from the treasury management equalisation reserve at year end, subject to the Council’s overall financial position.
11. Members should note that the majority of investments are classified as ‘specified’ i.e. up to 12 months and are currently deposited with Local Authorities and Santander Bank.

12. 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. The Council has no such investments.

### **Financial Impact**

13. All relevant financial information is provided in the body of the report.

### **Integrated Impact Assessment**

14. There is no requirement to undertake an Integrated Impact Assessment as this report is for information purposes.

### **Valleys Communities Impacts**

15. No implications

### **Workforce Impacts**

16. There are no workforce impacts arising from this report.

### **Legal Impacts**

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

### **Risk Management**

18. There are no new risk management issues arising from this report. Borrowing and investment decisions are made in line with the Council's Treasury Management Policy. The Council has appointed Link Asset Services to provide support and advice in relation to this policy.

### **Consultation**

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

### **Recommendation**

20. It is recommended that members note the contents of this monitoring report.

### **Appendices**

21. None

### **List of Background Papers**

22. PWLB Notice Number 393/20

### **Officer Contact**

Mr Huw Jones – Head of Finance  
E-mail - [h.jones@npt.gov.uk](mailto:h.jones@npt.gov.uk)

Mr Ross Livingstone – Group Accountant – Capital and Corporate  
E-mail – [r.livingstone@npt.gov.uk](mailto:r.livingstone@npt.gov.uk)



## 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.

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Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

### Cabinet Board

11 November 2020

### Report of the Head of Property & Regeneration - S.Brennan

#### Matter for Decision

**Wards Affected:** Cymmer

#### Afan Forest Park Visitor Centre - Valleys Regional Park Gateway Project

#### Purpose of the Report

1. To seek Members' approval to accept (subject to receipt of the formal offer letter) funding amounting to £250,000 from the Welsh Government's Valleys Regional Park initiative to deliver the Afan Forest Park Gateway Project.
2. To seek approval to carry out urgent procurement exercises to deliver the project and utilise the available funding by June 2021.

#### Executive Summary

3. Member approval is sought to accept an offer of funding of £250,000 and procure and deliver the Afan Forest Park Valleys Regional Park Gateway Project by June 2021.
4. The purpose of the project is to diversify the overall offer at Afan Forest Park Visitor Centre, supporting its growth as a hub for the Valley, and wider Valleys Regional Park, whilst encouraging additional visits by family groups.

5. The project will include;
  - Refurbishment of on-site public toilet and shower facilities
  - Creation of an accessible children's play area
  - Improved car parking capacity and installation of 2/3 motor home hook up points
  - Improved visitor information within the visitor centre.
6. This report outlines the proposed procurement methods which will enable project delivery by June 2021 for approval by Members.

## **Background**

7. In October 2020, officers were invited to submit an application to Welsh Government's Valleys Regional Park initiative with a view to establishing Afan Forest Park Visitor Centre as a Valleys Gateway Site.
8. An application was submitted and approval granted (subject to offer letter) to deliver the following enhancements. Please also refer to *Appendix 2: Project Site Plan*.

9. **Refurbishment of Toilet and Shower Facilities**

The existing toilet and shower facilities located in the visitor centre car park are tired and outdated. These facilities support outdoor recreation, offering a place to clean off after a muddy bike ride or visit and support overnight stays at the informal on-site campsite. The refurbishment of the toilet and shower facilities would enhance the overall quality of the visitor experience and offer opportunities to run these more efficiently (both in terms of cost and energy consumption).

10. **Children's Play Area**

There is currently no onsite play provision to support visits to the centre and its surrounding landscape by family visitors.

Afan Forest Park Stakeholders have, for some time, requested the installation of play equipment at the Visitor Centre in order to increase dwell time and visitor spending within the centre itself whilst supporting the diversification of visitor markets to include more family visitors. It is therefore proposed that an accessible natural play area is installed opposite at the entrance to the visitor centre within sight of the café facility.

11. **Improved car parking capacity**

The car park currently offers approximately 45 car parking spaces (including disabled spaces) we would proposed to increase capacity to offer an additional 8-10 spaces.

The car park is very busy in peak periods and increasing formal car parking spaces within currently unused land to the rear of the car park would allow us to increase capacity.

12. **Motor Home Hook Up Points**

The provision of 2-3 electric hook up points for motorhomes within the car park itself will allow us to expand the overnight accommodation provision onsite, expanding the existing overnight camping provision and taking advantage of recent trends in increases on motorhome ownership as a result of Covid-19.

13. **Low Key Lighting**

There is currently no lighting provision within the car park which makes it harder to extend dwell times during the autumn and winter months. The provision of low key lighting would also open up the visitor centre as a more viable venue for evening use.

14. **Improved Visitor Information**

NPTCBC and Natural Resources Wales undertook a joint project two years ago to harmonise existing on-site orientation signage directing visitors to the various mountain biking, walking and cycling trails which lead from the centre. Whilst this project has had a positive impact on the overall sense of welcome and made it easier for visitors to get to where they want to be, there is currently no provision within the centre itself offering information on the range of trails or its surrounding landscape.

It is anticipated that providing a digital map of the mountain biking, cycling and walking trails within the centre alongside details of trail diversions and closures will encourage more visitors into the centre itself whilst also increasing dwell time.

This information will also assist in replacing the face to face information provision which has been lost since NPTCBC staff no longer man the centre. Alongside this, interpretation relating to the wider Valleys Regional Park area and other Gateway Sites will encourage visitors to explore the wider area by taking part in outdoor recreation.

## **Project Funding**

15. NPTCBC is due to receive an offer of funding from Welsh Government's Valleys Regional Park initiative amounting to £250,000.
16. NPTCBC match funding against this project amounts to £60,000. This funding is already approved and allocated within the Capital Programme for the purpose of enhancing family friendly infrastructure within Afan Forest Park.

## **Procurement**

17. The following procurement exercises are proposed to deliver this project:
  - 17.1 Sourcing of suitable contractors to carry out the renovations to the toilet and shower building in addition to car park improvements via Lot 1b of the South West Wales Regional Contractors Framework 2020.
  - 17.2 Sourcing of a suitable contractor to deliver a digital information point in compliance with NPTCBC Contract Procedure Rules.
  - 17.3 Sourcing of a suitable contractor to deliver the playground element in compliance with NPTCBC Contract Procedure Rules.
18. In reference to point 17.3 above where the contract value is between £25,000 and £75,000, the Council is able to make a direct award provided best value is obtained. Here a suitable Neath Port Talbot based contractor (The Natural Play Company) has been identified and costs for this element of the project are anticipated to amount to between £60,000 and £65,000.
19. The conditions of the grant offer require that all the funding is to be spent by June 2021, as such there is not enough time available to prepare contract documents, seek tenders and complete contracts for the playground works. Discussions have been undertaken previously with the proposed supplier through the construction of the

the Adventure Golf facility at Aberavon Seafront, officers are therefore confident in the proposed supplier's work practices and procedures and that the Council will receive an excellent value for money proposal which meets the quality standards we expect in terms of the equipment and workmanship to be provided.

### **Financial Impacts**

20 The Council is due to receive an offer of funding amounting to £250,000 against the total project cost of £310,000. NPTCBC's match funding of £60,000 is already allocated and approved within the Council's Capital Programme.

### **Integrated Impact Assessment**

21 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 assessment has indicated that a more in-depth assessment is not required.

### **Valleys Communities Impacts**

22 There is a positive impact on the communities of the Afan Valley as this investment will encourage more visitors, and visitor spending, to these areas.

### **Workforce Impacts**

23 None.

### **Legal Impacts**

24 None

### **Risk Management Impacts**

25 None.

### **Consultation**

26 There is no requirement for external consultation on this matter however the diversification of Afan Forest Park to attract more family

visitors; and the installation of a children's play area, is a matter of regular discussion within the Afan Forest Park Destination Management Stakeholder Group who are keen to see facilities enhanced for this purpose.

## **Recommendations**

- 27 That Members note the purpose of the project and approve all elements for delivery.
- 28 That Members delegate authority to the Head of Property and Regeneration to sign the Welsh Government grant offer once received (subject to its terms).
- 29 That Members agree the proposed procurement methods to deliver the scheme to time and budget, in particular in relation to the proposed methodology to appoint a suitable playground manufacturer.

## **Reasons for Proposed Decision**

- 30 The proposed recommendations will allow the enhancement of facilities within Afan Forest Park Visitor Centre to attract a more diverse range of visitors. The procurement methodology proposed will facilitate the delivery of the project to time and budget.

## **Implementation of Decision**

- 31 The decision is proposed for implementation after the three day call in period.

## **Appendices**

- 32 Appendix 1 - First Stage Integrated Impact Assessment.
- 33 Appendix 2 – Project Site Plan

## **List of Background Papers**

## **Officer Contact**

Simon Brennan – Head of Property and Regeneration, Tel: 01639 686370



## Impact Assessment - First Stage

### 1. Details of the initiative

**Initiative description and summary:** Afan Forest Park Visitor Centre Valleys Regional Park Gateway.

Enhancements of facilities to include;

1. Refurbishment of toilet and shower facilities
2. Children's play area
3. Improved car parking capacity
4. Motor home hook up points
5. Low key lighting within car park
6. Digital information point

**Service Area:** Tourism, Regeneration and Economic Development

**Directorate:** Environment

### 2. Does the initiative affect:

	Yes	No
Service users	x	
Staff		x
Wider community	x	
Internal administrative process only		x

### 3. Does the initiative impact on people because of their:

	Yes	No	None/ Negligible	Don't Know	Impact H/M/L	Reasons for your decision (including evidence)/How might it impact?
Age		x				The proposals will have no impact

Disability	x				M	<p>The proposals will create an accessible play area which includes both sensory and wheelchair accessible sections within the play area.</p> <p>The car park already provides ample disabled car parking spaces and accessible public toilets and showers will be refurbished as part of this scheme to ensure compliance with current accessibility standards.</p> <p>During construction the toilet building will need to close, however alternative, temporary provision will be provided on site for the duration of the works.</p> <p>The facility is already accessible via wheelchair and pushchair friendly ramps.</p>
Gender Reassignment		x				The proposals will have no impact
Marriage/Civil Partnership		x				The proposals will have no impact
Pregnancy/Maternity		x				The proposals will have no impact
Race		x				The proposals will have no impact
Religion/Belief		x				The proposals will have no impact
Sex		x				There are no proposed changes to the number of available male/ female toilet and shower compartments.
Sexual orientation		x				The proposals will have no impact

#### 4. Does the initiative impact on:

	Yes	No	None/	Don't know	Impact H/M/L	Reasons for your decision (including evidence used) / How might it impact?
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			Negligible			
People's opportunities to use the Welsh language			x		L	The proposals will have no impact. The car park where the proposals are located is owned and managed by NPTCBC. All signage on site is bilingual.
Treating the Welsh language no less favourably than English			x		L	The proposals will have no impact. The car park where the proposals are located is owned and managed by NPTCBC. All signage on site is bilingual.

**5. Does the initiative impact on biodiversity:**

	Yes	No	None/ Negligible	Don't know	Impact H/M/L	Reasons for your decision (including evidence) / How might it impact?
To maintain and enhance biodiversity			x		L	The proposals will have no impact.
To promote the resilience of ecosystems, i.e. supporting protection of the wider environment, such as air quality, flood alleviation, etc.			x		L	The proposals will have no impact.

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**6. Does the initiative embrace the sustainable development principle (5 ways of working):**

	Yes	No	Details

<b>Long term</b> - how the initiative supports the long term well-being of people	x		The package of proposals enhance the facilities on offer at Afan Forest Park Visitor Centre for the benefit of residents and visitors alike. The proposals will enhance the offer at the centre for family groups whilst also encouraging users to take part in outdoor activity.
<b>Integration</b> - how the initiative impacts upon our wellbeing objectives	x		The proposals will enhance opportunities to take part in outdoor activities in particular by families. The enhanced offer at the visitor centre will encourage a greater economic contribution from tourism within the local community.
<b>Involvement</b> - how people have been involved in developing the initiative	x		The diversification of Afan Forest Park to attract more family visitors; and the installation of a children's play area, is a matter of regular discussion within the Afan Forest Park Destination Management Stakeholder Group who are keen to see facilities enhanced for this purpose.
<b>Collaboration</b> - how we have worked with other services/organisations to find shared sustainable solutions	x		We work closely with Natural Resources Wales on the development of Afan Forest Park as a visitor destination. NRW has been consulted on these proposals and we are currently working in partnership to develop a joint masterplan for the destination of Afan Forest Park.
<b>Prevention</b> - how the initiative will prevent problems occurring or getting worse	x		The investments will enhance existing facilities and make them more energy efficient.

**7. Declaration - based on above assessment (tick as appropriate):**

A full impact assessment (second stage) <b>is not</b> required	<input checked="" type="checkbox"/>
Reasons for this conclusion	
The proposals will not have any adverse impact on people with protected characteristics. The overall project has a positive impact on wellbeing objectives.	

A full impact assessment (second stage) <b>is</b> required	<input type="checkbox"/>
Reasons for this conclusion	

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	<b>Name</b>	<b>Position</b>	<b>Signature</b>	<b>Date</b>
Completed by	Karleigh Davies	Tourism Manager		04/11/20
Signed off by	Simon Brennan	Head of Service		04/11/20

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NOTES **NODIADAU**

- 1 Visitor Centre
- 2 Toilet Block
- 3 Shower Block
- 4 Bike Wash
- 5 Area of extended car parking & proposed motorhome hookup points
- 6 Proposed Natural play area
- 7 Camp Site
- 8 Entrance to Walking Trails
- 9 Entrance to Rookie Trails
- 10 Entrance to Mountain Bike Trails
- 11 Accessible Path to Visitor Centre



Property & Regeneration  
**Eiddo ac Adfywio**  
 Nicola Pearce BSC (Hons), Dip  
 TP, MRTPI  
 Corporate Director of  
 Environment  
 The Quays, Brunel Way,  
 Baglan Energy Park  
 www.npt.gov.uk

Project **Prosiect**

**SITE LOCATION  
PLAN**

Drawing Title **Teitl Lluniadu**  
 AFAN COUNTRY PARK  
 VISITORS CENTRE  
 AFAN VALLEY ROAD  
 CYMMER  
 PORT TALBOT, SA13 3HG

Scales <b>Dafol</b> A3 @ NTS	Rev. <b>Adolygu</b>
Drawing No. <b>Rhif gan Dynnu</b> 20-0692	



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