Neath Port Talbot
Castell-nedd Port Talbot
County Borough Council Cyngor Bwrdeistref Sirol

AGENDA

CABINET

IMMEDIATELY FOLLOWING
CABINET SCRUTINY COMMITTEE
MONDAY , 8 March 2021

REMOTELY VIA TEAMS

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

Part 1

1. Appointment of Chairperson

2. Chairpersons Announcement/s

3. Welcome and Roll Call

4. Declarations of Interest

5. Minutes of Previous Meeting *(Pages 3 - 4)*
24th February 2021

6. Forward Work Programme 2021/22 *(Pages 5 - 14)*

7. Education Through Regional Working Consortium Developments *(Pages 15 - 26)*

8. Capital Programme Monitoring Report 2020/2021 *(Pages 27 - 34)*

9. Budget Update and Monitoring Report 2020/2021 *(Pages 35 - 58)*

10. Capital Strategy and Capital Programme 2021/2022 to 2023/2024 *(Pages 59 - 80)*

11. Revenue Budget 2021/2022 *(Pages 81 - 156)*

12. Treasury Management Strategy 2021/2022 *(Pages 157 - 180)*

13. Urgent Items
Any urgent items (whether public or exempt) at the discretion of the Chairperson pursuant to Section 100b (4)(B) of the Local Government Act 1972

K.Jones
Chief Executive

Civic Centre
Port Talbot **Tuesday, 2 March 2021**

Cabinet Members:

Councillors. R.G.Jones, C.Clement-Williams, D.Jones, E.V.Latham, A.R.Lockyer, P.A.Rees, P.D.Richards, A.Wingrave and L.Jones

EXECUTIVE DECISION RECORD

CABINET

24 FEBRUARY 2021

Cabinet Members:

Councillors: R.G.Jones, (Chairperson), C.Clement-Williams, D.Jones, E.V.Latham, A.R.Lockyer, P.A.Rees, P.D.Richards, A.Wingrave and L.Jones

Officers in Attendance:

K.Jones, A.Evans, N.Pearce, A.Jarrett, C.Griffiths, H.Jones, S.Rees, C.Furlow-Harris, R.Headon, C.Plowman and J. Woodman-Ralph

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1. **APPOINTMENT OF CHAIRPERSON**

Agreed that Councillor R.G.Jones be appointed Chairperson for the meeting.

2. **DECLARATIONS OF INTEREST**

No declarations of interest were received.

3. **MINUTES OF PREVIOUS MEETINGS**

Members noted that the dates of the minutes of previous Cabinet meetings should read 2021 and not as stated on the agenda 2020.

That the minutes of the 8 January 2021, 13 January 2021, 22 January 2021 and the 3 February 2021 Cabinet meetings, be approved.

4. **FORWARD WORK PROGRAMME 2021/22**

That the Forward Work Programme 2021/2022 be noted.

5. **STRATEGIC EQUALITY PLAN 2015-2019 - ANNUAL REPORT 2019 - 2020**

Members noted that there was no requirement to undertake an Integrated Impact Assessment as detailed in the circulated report.

Decisions:

1. That the Strategic Equality Plan 2015-2019 Annual Report 2019-2020 be approved.

2. That the Head of Human and Organisational Development be granted delegated authority to make such changes as may be needed to the Annual Report prior to the publication, provided that such changes do not materially alter the content of the document considered by Cabinet.

Reason for Decisions:

To meet the statutory requirements set out in the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011.

Implementation of Decisions:

The decision will be implemented after the three day call in period.

6. **WELSH LANGUAGE PROMOTION STRATEGY PROGRESS REPORT OCTOBER 2019-MARCH 2020**

Members noted that there was no requirement to undertake an Integrated Impact Assessment as detailed in the circulated report.

Decisions:

1. That the progress made against the actions in the Welsh Language Promotion Strategy Action Plan for the period October 2019 – March 2020 be noted.

2. That the new reporting arrangements as detailed in the circulated report be approved.

Reason for Decisions:

To enable the Council to meet the Welsh Language statutory requirements.

Implementation of Decisions:

The decision will be implemented after the three day call in period.

7. **CORPORATE GOVERNANCE IMPROVEMENT ACTION PLAN - PROGRESS REPORT**

Decision:

That the half year progress made on the Corporate Governance Improvement Action Plan for 2020 – 2021 for the period 1st August to the 31st January 2021 as detailed in Appendix 1 to the circulated report be noted.

8. **OFFICER URGENCY ACTIONS**

Decision:

That the schedule of Urgency Actions be noted.

CHAIRPERSON

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Executive

FORWARD WORK PROGRAMME

January 2021 – 2022

Version 28 – Updated 25th Feb 2021 - JWR

CONTENTS

COMMITTEE	Officer Responsible
Council	**Jayne Woodman**
Cabinet	**Jayne Woodman**
Education, Skills and Culture Cabinet Board	**Tammie Davies**
Social Services, Health and Wellbeing Cabinet Board	**Tammie Davies**
Regeneration and Sustainable Development Cabinet Board	**Nicola Headon**
Streetscene and Engineering Cabinet Board	**Nicola Headon**
The Committees below Agendas are determined prior to the meeting so are not included in the Forward Work Programme. Dates of all meetings are available on the Neath Port Talbot County Borough Council website Calendar of Meetings Planning Committee, Audit Committee, Personnel Committee, Licensing and Gambling Acts, Licensing and Gambling Acts Sub Committee, Registration and Licensing	

Please note: Future dates will be confirmed at the Annual Meeting of Council on the 17th March 2021.

Council (All starting 2pm unless otherwise stated)

Meeting Date	Agenda Item	Type	Contact Officer
17th March	**ANNUAL MEETING**		**Stacy Curran/ Craig Griffiths**
24th March	Dem. Services Committee Report regarding Member Induction Programme 2022	Decision	Craig Griffiths
14th April	Corporate Plan 2021/2023	Decision	Caryn Furlow/ Sheenagh Rees
26th May			

Cabinet (Following Cabinet Scrutiny starting at 2pm.

Meeting Date	Agenda Item	Type	Contact Officer
16th March	Budget Monitoring Reports	Monitoring	Huw Jones
	Complaints Policy	Decision	Caryn Furlow/ Sheenagh Rees
7th April	Corporate Plan 2021/2023	Decision	Caryn Furlow/ Sheenagh Rees
	Strategic Schools Improvement Programme Update	Decision	Andrew Thomas/ Rhiannon Crowhurst
21 April	Annual Governance Statement 2020/2021	Decision	Caryn Furlow/ Hywel Jenkins
12th May			

Cabinet Finance Sub (Following Cabinet)

Meeting Date	Agenda Item	Type	Contact Officer
16th March	Items to be Confirmed		
7th April	Items to be Confirmed		
21st April	Items to be Confirmed		
12 May	Items to be Confirmed		

Education, Skills and Culture Cabinet Board

Immediately following Scrutiny Committee starting at 2pm

Meeting Date 2021	Agenda Item	Type	Contact Officer
18th March	Aberavon beach lifeguard provision	Decision	Paul Walker
	Title TBC	Decision	John Burge
	School Admissions Policy 2022/2023	Decision	Helen Lewis
	School Holiday/ Term Dates 2023/2024	Decision	Helen Lewis
	Former Cymer Afan Comprehensive Stand-Alone Floodlit Astro Turf Pitch	Decision	Roger Bowen

Social Services, Health and Wellbeing Cabinet Board

Immediately following Scrutiny Committees starting at 2pm

Meeting Date 2021	Agenda Item	Type	Contact Officer
1 April	2 x Private DFG Waiver Reports	Decision	Rob Davies
	Tai Tarian Lettings Policy	Decision	Rob Davies

Regeneration and Sustainable Development Cabinet Board

Immediately following Scrutiny Committees starting at 10am

Meeting Date 2021	Agenda Item	Type	Contact Officer
March 2021 (Dates to be Confirmed at the Annual Meeting of Council on the 17th March)	Regional Technical Statement (RTS) 2nd Review	Decision	Ceri Morris / Lana Beynon
	Rural Development Plan Update	Information	Angelina Spooner-Cleverly
	Biodiversity Duty Plan	Information	Ceri Morris / Lana Beynon
	Metal Detection Policy	Decision	Mike Roberts / Simon Brennan
July 2021	Food and Feed Delivery Plan 2021/2022	Information	Ceri Morris / Mark Thomas
	Food and Feed Enforcement Review 2020/2021	Information	Ceri Morris / Mark Thomas
September 2021	Local Air Quality Management	Information	Ceri Morris / Mark Thomas

Streetscene and Engineering Cabinet Board

Immediately following Scrutiny Committees starting at 10am

Meeting Date 2021	Agenda Item	Type	Contact Officer
April (Dates to be Confimed at the Annual Meeting of Council on the 17th March)	Traffic Orders (Various)	Decision	Dave Griffiths/ Hasan Hasan
	Home to School Contract Extension	Decision	Dave Griffiths /Peter Jackson
	Arboriculture Management Plan	Decision	Mike Roberts / Andrew Lewis
	Scarlet Avenue Beach Access Ramp	Decision	Mike Roberts / Steve Owen
	Highways and Engineering Works Programme	Decision	Mike Roberts / Ian Carter
September 2021	Three year Review of Grit Bin Provision		Mike Roberts

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Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Cabinet

Date of Committee: 8th March 2021

Joint Report of the Chief Executive (K Jones) and the Director of Education, Leisure and Lifelong Learning (A Evans)

Matter for Information

Wards Affected: All wards

Report Title: ERW Consortium Developments

Purpose of the Report:

1. To update Members on ERW Consortium developments.
2. To outline the proposed priorities for the education service as we reset and recover from the pandemic.
3. To note the letter sent to the ERW consortium, setting out the Council's current policy position on regional collaborative working.

Background:
Education Through Regional Working "ERW" was formed as an alliance of six local authorities with a remit to deliver school improvement services across Mid and South West Wales. The

alliance was formalised by an Inter-Authority legal agreement and governed by a Joint Committee.

In March 2019, the Cabinet of this Council resolved to withdraw from the arrangements on 31st March 2020 following concerns about governance, value for money and effectiveness – concerns that it had not been possible to resolve whilst being a member of the consortium.

In March 2020, Swansea, Carmarthenshire and Ceredigion councils all issued notice to withdraw from the regional consortium with effect from 31st March 2021. At the ERW Joint Committee on 9th February 2021, Swansea and Carmarthenshire councils indicated that they intended to rescind their withdrawal notices, anticipating that as a consequence the proposed dissolution of the consortium would be delayed until end August 2021.

An overview report published by Estyn of arrangements across Wales in January 2021, commented on the lack of clarity for school improvement arrangements for Mid and South West Wales beyond the dissolution of the ERW consortium, observing that the 'lack of a clear plan…is a cause for significant concern'.

We are advised that the Human Resources lead officer for ERW has identified potential redundancy liabilities in the region of £1.5 million, shared amongst the six original signatory authorities to the Inter-Authority Agreement, although Members are asked to note that we have requested the evidence that supports this position. Furthermore, Members are advised that the Joint Committee has commissioned work to establish a successor consortium on a Swansea City Deal footprint which would, amongst other things, help to mitigate the estimated liabilities. Neath Port Talbot Council has been informally approached to become a member of a successor arrangement.

School Improvement in Neath Port Talbot - current position

Since withdrawing from the ERW consortium, officers have put in place alternative arrangements to support schools – mostly delivered directly by staff employed by the Council with a limited number of services, namely the national leadership programmes, purchased from the consortium. A review of these arrangements over the period June-November 2020 by Estyn concluded that these arrangements are well regarded by head teachers and are broadly working well.

For 2021-22, our focus must be firmly set within the context we are now working in – a context which is materially different to what existed prior to the pandemic.

The Covid-19 pandemic has significantly disrupted learning provision since March 2020, resulting, in effect, in a full year of deviant experience for our children and young people. The effects of lost time in school, according to the [1]Institute of Fiscal Studies, are likely to be concentrated on children from disadvantaged backgrounds posing particular challenges for authorities like Neath Port Talbot. The additional investment provided by Welsh Government in August 2020 to begin to mitigate these impacts through the [2]Recruit, Recover, Raise Standards– the accelerating learning programme – has been very welcome. However, over the autumn and winter terms further significant disruption to learning has taken place which according to the Department for Education in England, will take more than a year to make up and current research shows that the devastating impact is considerably more telling in areas of deprivation. It will also need significant investment proportionate to the scale of the problem.

In addition to the impacts on learning that emanate from the loss of time in school, the well-being of children and young people has also

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[1] Lost Time in Schools, Institute of Fiscal Studies, February 2021

[2] Recruit, Recover, Raise Standards – the accelerating learning programme, Welsh Government, August 2020

been profoundly affected. Neath Port Talbot Council has been closely supporting and monitoring the wellbeing of some 1,500 vulnerable learners since March, working in an integrated way with children's social services, domestic abuse and substance misuse agencies, to safeguard and support the most vulnerable population of children and young people. However, it is becoming very clear that many more of our learners are experiencing adverse impacts on their mental health and well-being, perhaps unsurprising given the demographic profile of the county borough. As a consequence, the risk of young people disengaging from learning is increasing.

Our local experience appears to be typical of the impacts described in international research as captured in the Welsh Government's publication 'Review of the impact of mass disruption on the wellbeing and mental health of children and young people, and possible therapeutic interventions'[3] The importance the Welsh Government has placed on responding to this, including the announcement of additional funding made by the Minister for Mental Health and Wellbeing on 1stFebruary 2020, is fully acknowledged. It is vitally important that the well-being and mental health of our children and young people continue to receive priority focus over the remainder of this academic year and the next, rooting approaches in the evidence of what works, taking a whole-school and holistic approach which additionally, involves families and the wider community.

The pandemic has also had an enormous impact on our schools' workforce. Our staff are working in unprecedented and highly challenging circumstances. The Council can be immensely proud of the way in which our staff have responded, relentlessly focusing on the needs of our learners at a time when they were having to rapidly adapt the school environment and teaching and learning approaches to embrace public health protection measures and blended learning – an achievement formally recognised by Estyn in their recent review of

[3] Review of the impact of mass disruption on the wellbeing and mental health of children and young people, and possible therapeutic interventions', Government Social Research, Welsh Government, September 2020

our arrangements. The success of these approaches are based in a large part on a dynamic and agile working relationship with school leaders – a principle that must be maintained in future months and years as we plan and deliver recovery programmes to meet the learning and well-being needs of our school population.

We should be in no doubt of the challenges that our workforce has needed to address and continues to face – not only in overcoming digital exclusion and the huge variation in the home environments of learners, but also in adapting teaching and learning approaches to deliver effective remote education for extended periods of time. The procurement of additional technology that the Welsh Government has facilitated has yet to be fulfilled because of challenges within global supply chains. Furthermore, teaching trade unions have raised concern about the implications of remote and blended learning on professional development and workloads. With the prospect of further periods of disruption ahead of us, it is crucial that our forward planning puts our schools' workforce in the best possible position to ensure all learners receive the quality education that they are entitled to.

Taking all of this into account, circumstances would suggest that the next 18-24 months need to be dedicated to resetting and recovering the learning needs of pupils in our authority's schools.

In order to facilitate learning recovery, we must secure a multi-agency approach that responds to pupils' emotional health and wellbeing needs. We have to reconsider teachers' roles and responsibilities in this context and how schools will develop and deliver bespoke holistic packages of support that meet pupils' emotional and learning needs. This has to involve families and the agencies best placed to advocate on behalf of those parents who are unable to do so themselves and address child development needs that have stagnated over the last 12 months.

Our school improvement service needs to support teachers to develop effective diagnostic, formative assessments in order to gauge and identify learning loss. Within this context, we need to prioritise effort and focus on securing a coherent understanding of our pupils' needs and reshaping provision locally in order that they respond, at the nearest point of contact, to pupils' recovery.

We do not underestimate the enormity of the challenges we face in seeking to address the learning needs of pupils, many of whom have been negatively impacted during the many months of lockdown. Schools will need will need to design and deliver a recovery curriculum that accounts for the holistic needs of our learners.

Whilst we acknowledge the benefits of sharing practice and approaches with regional and national colleagues, the focus for any future collaboration needs to be developed from our reset and recovery programme and should also be set in the broader context of the Local Government and Elections (Wales) Act 2021. For the Council to deepen collaboration on school improvement in the Swansea Bay City Region beyond the limited number of services it is currently commissioning, significant assurances would need to be evidenced regarding the extent to which proposed arrangements are fit for purpose in the new Covid-19 context as well as providing assurances that Council's previous concerns about governance, value for money and effectiveness have been fully addressed.

A letter, a copy of which is reproduced at Appendix 1, has been sent to the ERW consortium, confirming this Council's position for 2021/22 and beyond.

Financial Impacts:
Officers have requested details of the redundancy liability that has been estimated on dissolution of the existing ERW consortium but this is yet to be received. The attached letter at Appendix 1 formally requests that such information is provided.

Integrated Impact Assessment:

There is no requirement to undertake an Integrated Impact Assessment as this report is for information purposes and does not seek to change the current policy position.

Valleys Communities Impacts:
There are no specific impacts arising from this report.

Workforce Impacts:
There are no direct workforce impacts linked to the Council's own workforce however, it is noted that a redundancy risk has been identified for the consortium arrangements. There is a potential financial impact arising from this which will be subject of a separate report once the information requested from the consortium has been received and assessed.

Legal Impacts:
The proposed extension of access to the national leadership programmes procured through the consortium will require a legal agreement to be established.

Risk Management Impacts:

- The risk that the Council will be unable to support schools in their recovery and improvement programme is assessed as being low – the recent Estyn report on arrangements provides some assurances regarding this risk.

- There is a risk that the Council would be a share of the estimated redundancy costs in the event that the consortium is dissolved. We would hope that the consortium has established suitable mitigating actions to address this. Once the information requested from the consortium is received we will provide

further advice to Members on the impact and likelihood of this risk.

- There is risk that the Council will be seen as being resistant to collaborative working in relation to the education agenda. Our letter to consortium partners makes clear that the Council is not resistant to partnership working and sets out the assurances that would need to be in place for the Council to change its policy position. The Council will also research other options for supporting school improvement beyond the existing consortium arrangements.

Consultation:

There is no requirement for external consultation on this item

Recommendations:
It is recommended that:

1. Members note the update provided on ERW consortium developments and the proposed focus for reset and recovery actions for the Council's education service in 2021-22.

Appendices:
Letter to ERW Consortium

List of Background Papers

Cabinet (27th March 2019), Education Through Regional Working (ERW)
http://moderngov.neath-porttalbot.gov.uk/documents/s45819/ERW.pdf
Estyn, The regional consortium's work to support its schools and PRUs March-August 2020

https://democracy.carmarthenshire.gov.wales/documents/g4565/Public%20reports%20pack%2009th-Feb-2021%2014.00%20ERW%20Joint%20Committee.pdf?T=10

Estyn, Local authority and regional consortia support for schools and PRUs in response to Covid-19
https://www.estyn.gov.wales/thematic-report/local-authority-and-regional-consortia-support-schools-and-prus-response-covid-19?_ga=2.163580598.84200458.1610966385-2125091557.1610966385

Officer Contact:

Mrs K Jones, Chief Executive Tel: 01639 763284 E-mail:chief.executive@npt.gov.uk

Mr A Evans, Corporate Director of Education, Leisure and Lifelong Learning Tel: 01639 763393. E-mail: a.evans@npt.gov.uk

APPENDIX 1

Leaders of Council participating in the ERW Consortium

Dear Leader,

ERW Consortium – 2021/22 Provision of Services to Neath Port Talbot County Borough Council

Neath Port Talbot County Borough Council ('The Council') withdrew from the consortium on 31st March 2020 having served notice of its intention to do so in March 2019. On 13th November 2020, the ERW Joint Committee approved proposed changes to the ERW Legal Agreement, allowing Neath Port Talbot County Borough Council to purchase a limited number of services, namely the national leadership programmes, from the consortium during 2020/21.

We had understood that it was the ERW Joint Committee's intention to dissolve the consortium by 31st March 2021. However, we understand that the ERW Joint Committee agreed at its meeting on 9th February 2021 to continue with arrangements until at least the end of August 2021. Given that is the case, I am writing to confirm that Neath Port Talbot County Borough Council wishes to extend the current arrangements until 31st March 2022 (or on the dissolution of the existing consortium, if earlier) on the current terms and subject to a formal contractual agreement. I would be grateful if you could confirm that this is acceptable to the consortium.

Our priority during 2021/22 will be on supporting learners to catch up following a significant loss of face to face learning during the last academic year and also on supporting schools with their recovery. As we work through these issues we will clarify future collaborative arrangements from our perspective, in particular how these might be shaped by the new collaboration vehicles being established by the Local Government and Elections (Wales) Act 2021. It would be helpful if we could establish clear lines of communication with the consortium over the next period. In particular, we have been advised that there is a

potentially significant financial liability attached to the dissolution of the current arrangements. Officers have already asked for details of these potential costs and associated legal and HR advice, however, to date we have not received the information requested. I therefore formally request such information together with the plans that the ERW Joint Committee has approved to minimise the risk of these costs materialising.

Neath Port Talbot County Borough Council is committed to working in partnership where such arrangements improve outcomes for our learners. For the Council to deepen collaboration in the region beyond the limited number of services it is currently commissioning, significant assurances would need to be evidenced regarding the extent to which proposed arrangements are fit for purpose in the new Covid-19 context as well as providing assurances that Council's previous concerns about governance, value for money and effectiveness have been fully addressed. I am sure you will agree that these are not trivial issues to be dealt with at pace but to be worked through in a measured way and on the basis of equal partnership.

I look forward to hearing from you.

Cllr R G Jones
Leader

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NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

REPORT OF THE HEAD OF FINANCE – HUW JONES

8th March 2021

Matter for Decision

Wards Affected – All Wards

CAPITAL PROGRAMME MONITORING REPORT 2020/21

Purpose of Report

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

Background

2. On 5th March 2020 Council approved its Capital Programme for 2020/21; the report detailed planned Capital Expenditure totalling £87.920m for the financial year which has been subsequently been updated via Cabinet and Council approval to £70.682m.

   The purpose of this report is to update Members as to the delivery of this Programme as at 31st January 2021 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 21st 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 £65.387m with the main changes proposed being:

- The 2020/21 budget for Cefn Saeson has been increased by £2.293m to reflect site works progressing ahead of schedule. The £2.293m will be funded from resources brought forward from future years.

- A £1.883m budget had been included in 2020/21 in relation to Harbourside Infrastructure works. However, £1.161m of this has now been re-profiled into 2021/22 to reflect works required on site.

- A budget of £1.475m had been included in 2020/21 for Neath Transport Hub. This budget has now been moved to future years to reflect the delay due to land purchase.

- The 2020/21 budget of £4.692m for the Technology Centre has been decreased by £1.7m and re-profiled into future years to reflect the works on site.

- A budget of £3m had been included in 2020/21 for Neath Town Centre. However, £500k of this has been re-profiled into 2021/22.

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, £2.517m of this original 2020/21 budget has been 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 £854k 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 £660k with the balance being re-profiled to 2021/22 to reflect planned spend.

   In February 2021 Welsh Government announced an additional allocation of £2.202m. This grant will displace Council funded projects in 2020/21 with a subsequent re-investment in new projects in 2021/22.

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 31st January 2021 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 £65.387m;

- And note the position in relation to £39.1m of expenditure as at 31st January 2021.

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 31st January 2021

List of Background Papers

Capital Programme working files

Officer Contact

Mr Huw Jones – Head of Finance
E-mail: h.jones@npt.gov.uk

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

Appendix 1

Capital Budget and Spend 2020/21 as at 31st January 2021

	Current Budget £'000	Proposed Budget £'000	Actual @ 31 Jan 21 £'000
Abbey Primary	3,000	3,000	1,021
Cefn Saeson	14,207	16,500	12,660
Ysgol Gymraeg Ystalyfera Bro Dur (North Campus)	3,327	3,327	1,607
Capital Maintenance – Education and Leisure	934	934	795
Welsh Medium School Grant - YGG Pontardawe, YGG Cwmllynfell & YGG Tyle'r Ynn	1,963	1,963	1,347
Infant Class Sizes Grant - YGG Rhosafan, YGG Castell Nedd, Gnoll Primary	433	433	331
Childcare Offer Grant - Small Grants Pot, Baglan Primary, Blaenbaglan Primary, Cwmavon, YGG Castell Nedd, YGG Blaendulais, Wauncerich Primary & Rhos Primary	1,083	742	706
Cymmer Afan Site Clearance & Land Reclamation	37	37	37
Leisure Investment	462	462	199
Margam Orangery Improvement Works	105	105	94
Margam Park Activity Investment	306	121	121
Pontardawe Arts Centre Cinema	30	30	11
Highways and Engineering Maintenance	2,138	1,975	1,212
Additional Highway Works (Highways Refurbishment Grant)	753	916	916
Drainage Grants	1048	1,198	694
Local Transport Fund (multiple locations)	1,028	1,028	252
Active Travel Fund (multiple location)	1,198	1,198	263
Road Safety	205	255	67
Safe Routes in Communities	50	50	23
Flood & Coastal Risk Projects - Aberavon & Brunel Dock	1,067	1,067	1,052
Flood Recovery – various projects	927	930	750
Major Bridge Strengthening - A474 Neath	6	6	9
Trade Waste Recycling Investment	100	60	0

	Current Budget £'000	Proposed Budget £'000	Actual @ 31 Jan 21 £'000
Health & Safety	830	580	418
Street Lighting	974	724	331
Crymlyn Burrows Transfer Station - site improvements	180	298	6
Vehicle Replacement Programme	2,555	2,555	1,308
Environment Street Scene Works	490	465	108
Regeneration: Harbourside Infrastructure	1,883	722	292
Regeneration: Plaza Redevelopment	3,497	3,300	1,815
Regeneration: Former Port Talbot Magistrates Court Refurbishment	300	200	204
Regeneration 6 Station Road	177	10	4
Regeneration: Aberafan Aquasplash	350	350	24
Regeneration: Employment & Business Start Up Space	15	15	13
Regeneration: Neath Town Centre Redevelopment	3,000	2,500	889
Regeneration 8 Wind Street	760	760	281
Regeneration: Former Crown Buildings Development	3,400	3,200	2,596
Regeneration: Neath Transport Hub	1,475	0	7
Regeneration: Property Enhancement Development Grant	1,000	850	102
Regeneration: The Technology Centre	4,692	2,992	1,185
Regeneration: Afan Forest	328	70	4
Regeneration: Cefn Coed Valley Landscape Park	200	200	29
Regeneration: Other	1,106	688	284
School IT/ Vehicle Financing	190	190	80
Capital Maintenance - SSHH	121	121	86
Hillside Secure Unit Improvement Works	100	100	83
Efficiency & Warm Homes	211	211	89
Disabled Facilities Grants	1,400	1,400	647
Capital Maintenance for Schools – previous year grants	1,578	1,518	624
Regeneration – various projects	50	0	0
Maintenance - Unadopted structures and Council owned Tips	308	245	196
Information Technology and Agile Working	243	243	193

	Current Budget £'000	Proposed Budget £'000	Actual @ 31 Jan 21 £'000
Other	4,452	4,189	3,037
Contingency	410	354	0
Total	**70,682**	**65,387**	**39,102**

Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

CABINET

8th March 2021

REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES – Hywel Jenkins

Matter for: Decision

Wards Affected – All Wards

REVENUE BUDGET UPDATE AND MONITORING REPORT 2020-21 (as at end of January 2021)

Purpose of Report

1 This report prepared as at the end of January 2021 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 January 2021
- 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.

Authority Summary and Background

3 As members are aware 2020/21 has been an extraordinary year due to the Covid Pandemic. On the 23 March 2020 the UK and National Governments introduced the first lockdown which impacted on all forms of business and lives throughout the UK.

4 Since then we have had a number of restrictions initially relaxed and then reintroduced with only key businesses and key council services currently operating as usual. Our schools are currently open for children of key workers and those up to 7 years old and providing on-line learning to older children. Residential and domiciliary care, supported living, emergency housing, waste and recycling, environmental health and other regulatory services have all been operating throughout the pandemic, with adaptations to minimise the spread and impact of Covid19. Many other services have been adapted to being delivered via home working, with significant support from our Digital Services Division. New online processes have been developed to enable significant financial support and grants to be paid to businesses, childcare, social care, families re free school meals, those on low incomes told to self-isolate etc. The new Test Track and Protect Service was initially created from internal seconded staff but have more recently been externally employed as permanent staff returned to their substantive roles and due to an increase in case numbers in late 2020 and into January 2021.

5 During 2020/21 the Council will have incurred extra costs and provided additional financial support to families and businesses totalling some circa £70m, with the majority funded by the Welsh Government.

6 Therefore the COVID19 pandemic has had a significant impact on Council services, the costs incurred and income generated.

7 The projections included in the report are based on costs/income to the end of January, and include assumptions regarding lockdown restrictions.

8 It has been 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.

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

Claims for additional expenditure of £11.075m have been made to the end of January, and to date Welsh Government have agreed to reimburse £8.494m, and we are awaiting a decision in respect of £2.196 from the December and January claims.

10 Claims for loss of income have also been submitted for £8.281m for the period April – December 2020, and to date Welsh Government have confirmed funding of £7.84m, and a further submission for quarter 4 is currently being prepared.

11 Welsh Government have awarded £603k to fund the increased cost from new Council Tax Support claimants (CTRS), that have arisen as a consequence of the lockdown.

12 Welsh Government have also awarded £727k 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 £1m is included within the reported overspend.

13 The Council will continue to work with the Welsh Government for additional funding to deliver essential services to help smooth the

impact of the pandemic on our Budget, and future year service provision.

14 The Net Authority budget is currently projected to underspend by £1.190m, after receipt of various COVID19 grant funding from the Welsh Government. Unless the financial position and activity deteriorate over the remainder of the year this projected underspend will reduce the contribution required from the General Reserve, at year end.

15 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. After taking account of the finalised audited accounts for last year and including the transfer of the projected underspend of £1.190m the projected general reserve balance will increase to £19.845m. Details of the projected general reserve position is included in Appendix 3.

Directorate Updates

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

17 **Education Leisure and Lifelong Learning**

- **Primary School Meals Service £184k overspend -** The projected overspend is due to a reduction in school meals income due to the closure of schools as a result of the pandemic, which is partly offset by savings on food purchases, and WG funding for the period April to December (£518k). The projected loss of income assumes that primary schools will partially reopen from 22nd February and it is not clear at present whether all payments will be recoverable.
  Payments of £3.90 per day are being made to any child entitled to free school meals that has to self-isolate, and £19.50 per week to all children entitled to free school meals during school closure and school holidays to Easter 2021 – which are being funded by WG.

- **School Transport – underspend of £579k**. Due to reduced transport costs in-year it is proposed to vire £580k to the School Contingencies Budget to fund additional costs.
- **Pensions & Early Retirement - £60k underspend -** The underspend is due to a reduction in charges from the pension fund.
- **Child & Communities £112k underspend -** This saving has arisen due to the secondment of the Family Information Service Manager to the post of Performance and Monitoring Officer, and additional childcare and play grant to fund sustainability in childcare settings, which was originally planned to be funded from within the base budget.
- **External Leisure contract £257k overspend -** The Council has paid Celtic Leisure £830k to fund the top up costs of furloughed staff and to keep the operator viable. Further payments will be made to Celtic Leisure by year end in line with sums recovered from the Hardship Fund. It is anticipated that the leisure sector will be one of the hardest hit by Covid19. Recovery and income levels will take some time to increase due to reduced demand during COVID19, and additional costs incurred to implement social distancing. WG have funded the loss of income of £1.323m for the period April to December, and a further claim is being prepared for quarter 4. NPT have also paid £150k to Celtic Leisure for the purchase of their assets as part of the re-tendering process.

The Education Leisure and Lifelong Learning budget is currently projected to overspend by £90k (after proposed reserve transfers and virements.

18 **<u>Social Services Health & Housing</u>**

- **Children & Family – Social Work £116k underspend.** The underspend is due to receipt of ICF grant funding which is partly offset by overspend on Direct Payments (£61k) and costs of additional support required during lockdown (£36k).
- **Children & Family – Residential care £425k overspend**
  The original budget is based on placements for 9 children. An overspend is projected as the average number of placements to date is 11.

The three new placements since the start of the year are as a direct result of COVID19, and the cost for these children for 6 months is included (£306k). WG have refunded £72k towards costs for the period April – June.

- **Hillside - £324k 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 have been periods when restrictions were placed on the number of new admissions, and as a consequence the number of welfare placements has reduced, resulting in a loss of income to date of £1.64m.
  WG have confirmed funding of £1.272m for the loss of income for the period April to December. A further claim is currently being prepared for January to March and any additional funding received will therefore assist in reducing the reported overspend. <u>If WG confirm funding for the loss of income then the projected overspend will not occur</u>.
  WG have also provided £2m capital grant for improvements at Hillside. Works have been delayed due to COVID and permission has been granted that this funding can be carried forward to fund such costs in 2021/22.
- **Day Care – External Provision £71k 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.
- **Internal Fostering service £108k underspend -** The underspend is due to savings on staff costs (£124k) due to maternity leave and a vacant post which will be deleted as a result of ER/VR, savings on car allowances and foster carer travel expenses (£104k), and savings on the leaving care discretionary budget (£114k). However, the savings are partly offset by an increase in the number of Special Guardianship Orders (SGO) paid (£210k). A SGO working group has been established to review existing packages.
- **External foster placements £97k underspend -** The underspend is due to receipt of additional levy rebate (£59k) from providers in respect of external placements procured and administered via RCT council, and receipt of WG advocacy funding.

- **Youth Offending Service £66k overspend -** The overspend is largely due to the additional cost of 3 remand placements (£250k), of which £110k has been refunded from the LA Hardship fund for the period April to June. No further funding from WG is anticipated.
- **Child & Family Management £77k underspend -** The underspend is due to savings on staff costs**.**
- **Community Care Social Work £89k underspend -** The underspend is due to savings on staff costs.
- **Business Support Services £154k underspend -** The underspend is due to savings on staff costs and general office expenses.
- **Elderly Residential Care £374k underspend -** An additional provision of £414k was included in the budget for 2020/21 to meet anticipated additional demand for placements. An underspend is projected because occupancy levels at homes reduced significantly during the pandemic, due to a combination of reduced demand for placements and Public Health Wales rules that mean care homes must be COVID19 free for 28 days before they can accept any new placements.
  WG also provided additional funding via the LA Hardship Fund (£40m) at the beginning of Covid and then 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. The additional cost is approximately £240k per month for July to March 2021.
- **Learning Disability external placements £673k underspend**
  An additional £1m was included in the budget for 2020/21 for anticipated increase in demand, however the increase has been less than anticipated due to the pandemic, resulting in the projected underspend. PPE and additional fees of £139k were paid to providers (April to June) to fund the additional costs incurred due to COVID, which has been reimbursed by WG from the LA Hardship Fund.
  WG funding is being been made 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. The additional cost is approximately £35k per month for July to March.

- **Community Independence Service £116k 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 £186k underspend** Savings on transport have arisen due to the closure of many day services during lockdown.

The Social Services Budget is projected to underspend by £1.145m (after proposed reserve transfers).

19 **Environment**

- **Highways Maintenance Reactive, winter & emergency response £54k overspend –** The overspend includes £48k of additional costs incurred to the end of January relating to the Skewen flood, for which reimbursement is being sought from the Welsh Government.
- **Parking £545k overspend –** The overspend is due to reduction in parking income. WG have funded £792k of lost income for April to December and a further claim for January to March (£279k) is being prepared.
- **Waste Disposal and Recycling £92k overspend.** The overspend is due to a reduction in income from recycling. WG have funded £485k loss of income for waste services from the LA Hardship Fund to December 2020, and a further claim for quarter 4 (£44k) is being prepared.
- **Catering £54k overspend** - the overspend is mainly due to loss of income while the coffee shops are closed
- **Streetcare Services £160k overspend** – the projected overspend is due to anticipated additional costs of PPE and hand sanitizer during the pandemic.
- **Industrial Workshops £182k overspend -** the overspend is due to loss of external rental income to date and projected future reduction in collection of income, as a result of the financial impact of the pandemic on businesses. WG have funded £234k for the loss of income from April to December, and a further claim for quarter 4 is being prepared.

Other

Enabling Natural Resources and Wellbeing Grant **-** We are still waiting confirmation of the grant and a budget pressure of £84k will arise if funding is not awarded.

The Environment budget is projected to over spend by £994km, (after proposed virements and reserve transfers.

20 **Corporate Services**

- **Legal Services – Childcare £74k underspend –** the underspend is due to savings from vacant posts and other staff savings
- **One Stop Shop/Customer Services £62k overspend** – the overspend is due to the appointment of additional modern apprentices, which is offset by savings elsewhere in the Democratic and Corporate Services Division.
- **Directorate Management £90k underspend** – the underspend is due to savings on professional fees £54k, £25k savings arising from the appointment of the new Chief Executive and replacement of the Assistant Chief Executive £20k, and other staff savings in the service.

The Corporate Services Directorate is projected to under spend by £64k (after proposed reserve transfers).

21 **Central and Other Budgets**

- **Council Tax Support £173k underspend** the projected annual cost for 2020/21 is £19.18m. WG has provided additional funding of £603k resulting in the projected underspend.
- **Contingency for pay award £318k underspend** – it is anticipated that the remaining provision will not be utilised, and the saving is therefore contributing to the overall council underspend.
- **Contingency – £839k underspend –** it is anticipated that the remaining provision will not be utilised and the saving is therefore contributing to the overall council underspend.
- **COVID19 Safe & Well - £95k overspend -** Costs of £268k have been incurred from April to the end of January of which £173k has been funded from the LA Hardship Fund.

- **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 January is approximately £850k lower than at the same time last year.
  Welsh Government have provided funding of £727k to offset this shortfall. However if collection rates continue to fall, then it will be necessary to reduce the collectible income included in the accounts for 2020/21 and £1m has been included in the projection for this year.
- **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 £2.441m have been incurred to the end of January, which are being reimbursed by the Health Board.
- **COVID19 Test Trace & Protect Service –** WG initially allocated £6.1m to the Swansea Bay University Health Board Region and have subsequently allocated a further £1.9m to the region to fund the additional staffing required in light of the increasing demand on the service during the winter months.
  Additional costs of £1.058m (staff overtime, staff additional pay, IT kit) have been incurred to the end of January, which are being reimbursed by the Health Board.
- **COVID19 Grants to Business –** funding of £30m has been received from WG to support businesses experiencing financial difficulty due to the lockdown, of which £28.2m has been paid out to the end of January.
- **COVID19 Start up Grants –** Funding of £207k has been allocated by WG of which £80k has been paid out to the end of January.
- **COVID19 Lockdown Business Fund Grants –** 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. Following applications £4.686m has been paid out to businesses, and has received £148k for costs of administering the scheme.
- **COVID19 Freelance Grant –** funding of £249k has been allocated by WG, 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 and £245 has been paid out to the end of January.

- **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. NPT has paid out 3 grants totalling £8k.
- **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. 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. Costs are being claimed monthly from the LA Hardship Fund.
- **COVID19 SSP Enhancement scheme –** the scheme is to support care workers who get Statutory Sick Pay (SSP) or are not entitled to SSP when they are off work sick. The scheme provides funding to employers to enable them to pay eligible staff full pay if they cannot work due to suspected COVID, actual COVID or because they have been requested to self-isolate. The scheme runs from November to 31 March 2021, and £128k has been paid out to the end of January and is being funded by WG.
- **COVID19 Self isolation payments -** the scheme provides a payment of £500 to people on low incomes and in receipt of Universal Credit (or other specified benefit), who would lose income if they are required to self-isolate. This scheme is backdated to 23rd October. The council is administering the scheme on behalf of WG, and has been allocated £39,979 to fund administration costs. Payments amounting to £182k have been paid out to the end of January with further monthly payments due to be made by the end of March 2021.
- **COVID19 Business Restrictions Grant** – WG allocated £8.857m to fund restrictions that came into effect from 4th December. The Council has paid out £4.020m to the end of January, and has received £177k to cover the additional costs of administering the scheme. This scheme has now been extended by WG to pay further grants to Businesses in February 2021 resulting in the Council paying out £3.736m to 1,128 businesses automatically on 11 February 2021. Further payments are also expected for new

applications. At year end a final reconciliation of the amounts paid out with funding received will be carried out.

- **COVID19 testing and vaccination centres** - additional costs of £10k have been incurred to the end of January for work undertaken to set up the centres for which reimbursement is being sought from the Health board.
- **Skewen Mine water Flooding** The Welsh Government announced and additional £6.5m (across Wales) be provided to fund initial phase 1 (immediate response costs) incurred by Councils re flooding and coal authority mine water flooding to March 2021. This grant will also fund a payment of £500 (with insurance) or £1,000 (no insurance) to those residents that were flooded or evacuated by the mine water floods for more than 24 hours. To the 10th February 2021 the Council has paid out grants totalling £71k to residents and incurred further cost of £68k that will be recovered from the LA Hardship Fund.

Financial Summary

22 The Net Authority budget is projected to under spend by £1.190m after proposed virements, reserve transfers and receipt of WG Covid19 Grants. Work will continue to manage services during the pandemic and to recover relevant additional costs and income loss from the Welsh Government's Hardship Fund.

Virements

23 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

Value	Dir	Service
-£580,000	ELLL	Home to School Transport
£580,000	ELLL	School contingency

The following virements have been approved by Corporate Directors since the last report to Cabinet.

Value	Dir	Service
-£45,000	ENVT	Refuse collection
£45,000	ENVT	Neighbourhood services

Reserve movements

24 The following Reserve movements are proposed for approval by Cabinet

Value	Reserve	Explanation
£87,260	ELLL Equalisation reserve	Utilisation funds transferred to reserve re Feminine Hygiene grant 19/20
£32,011	ERVR Reserve	Transfer from reserve to fund cost of early retirement in Adult community Learning and Pontardawe arts centre
-£60,000	Concessionary Fare - Bus Pass Replacement Reserve	The planned transfer from the reserve is no longer required
-£40,000	CORP Equalisation Reserve	Transfer to the reserve to fund costs of the new HR/Payroll MHR system in 21/22
-£75,000	Education Equalisation reserve	Transfer to reserve to fund employment costs re Syrian staff April 2021 to Aug 2022
-£62,000	Education Equalisation reserve	Transfer to reserve to fund digitalisation work re ALN records

Value	Reserve	Explanation
-£100,000	Education Equalisation reserve	Transfer to reserve to fund inclusion ALN support for new legislation Sept 2021
£66,808	ERVR Reserve	Transfer from reserve to fund cost of staff leaving on ERVR
-£25,000	Education Equalisation reserve	Transfer to reserve to fund ICT equipment for new Neath Library
-£90,000	Social Services Equalisation Reserve	Transfer underspend in children's social work budget to fund children and young people's workshops in 2021/22
-£500,000	Social Services Equalisation Reserve	Transfer underspend in domiciliary care to reserve to mitigate any surge in demand in 21/22 and potential COVID costs once WG funding ends
£59,154	ERVR reserve	Transfer from reserve to fund costs of early retirement in ENVT
-£75,000	ENVT Equalisation reserve	Transfer underspend re ash die back to reserve to fund anticipated costs in 21/22
-£10,000	CORP Equalisation Reserve	The planned contribution from the reserve is no longer required
-£150,000	School ICT (HWB) reserve	Transfer underspend to the reserve for use in 21/22.
-£76,000	CORP Equalisation Reserve	Transfer underspend in Directorate Management to reserve to fund MHR costs in 21/22

25 **Additional grants awarded**

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

- LA Education Grant – variation for accelerated learning programme £168,641
- Small and rural schools grant £91,160

- SEREN grant – additional funding £21,049 – to support post 16 learning
- Green Recovery funding Grant £176k the funding contribute toward biodiversity projects including – ash die back £70k, habitat mapping, Pant y Sais car park feasibility study, Wood Street, Taibach feasibility study, Gnoll park roundabout and entrance verges, the Quays bog garden
- Valleys Task Force funding for Smaller Towns £64k
- Educational Support Grant - £226,866 awarded to fund COVID operational items, to enable children to return to school from 22nd February 2021.
- Additional Learning Needs COVID19 Support - £415,860 awarded to assist providers to continue to provide high quality support for learners with ALN.

WG have indicated that they will extend PDG access grants to all eligible pupils in years 1,5,8,9 and 11 at a rate of £125 per eligible learner, but have not yet confirmed the allocation for NPT, which will include £5k for admin costs.

Corporate Directors and their Management Teams continue to review all service areas, and in light of the significant budgetary pressure arising from COVID19, minimise all non-essential expenditure wherever possible.

Integrated Impact Assessment

26 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

27 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

28 The work of all employees has 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

29 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

30 COVID19 has impacted significantly on the Council, its services and activities since the UK Government Lockdown announcement which commenced on 23 March 2020.

31 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 waste disposal services. Some new services were developed to safeguard vulnerable people such as those shielding i.e. safe and well, schools operated 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.

32 Governance arrangements have also had to be updated to operate under new arrangements.

33 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

34 There is no requirement for external consultation on this item

Recommendations

35 It is recommended that:

- Members approve the proposed reserve movements
- Members commend to Council the budget virements exceeding £500k
- 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.

Reason for Proposed Decision

36 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

37 The decision is proposed for implementation after consideration by Council.

Appendices

38 Appendix 1 – Budget Summary
Appendix 2 – Specific Reserves
Appendix 3 – General Reserve

List of Background Papers

39 Budget Update Working Papers

Officer Contact

For further information on this report item, please contact:

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Appendix 1

Summary 2020-21 at 31st January 2021	Original Budget 2020/21 £	Virements CAB 25/6	CAB 2/9	CAB 11/11	CAB 13/1	Revised Budget 2020/21 £	Projected Outturn 2020/21 £	Variance 2020/21 £
Education, Leisure and Lifelong Learning - Schools	90,137,000	0	0	0	0	90,137,000	90,137,000	0
Education, Leisure and Lifelong Learning - Other	25,882,000	0	0	330,000	9,200	26,221,200	26,310,769	89,569
Social Services Health & Housing	83,281,000	0	0	280,000	0	83,561,000	82,415,432	-1,145,568
Environment	39,525,000	239,100	0	220,000	0	39,984,100	40,978,393	994,293
Corporate Services	18,208,000	46,000	0	152,000	0	18,406,000	18,341,930	-64,070
Directly Controlled Expenditure	**257,033,000**	**285,100**	**0**	**982,000**	**9,200**	**258,309,300**	**258,183,524**	**-125,776**
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	18,574,994	-173,006
Pay & Pension Provision	1,300,000			-982,000		318,000	0	-318,000
Contingency	822,453	-285,100			-9,200	528,153	-311,045	-839,198
Management of change	500,000					500,000	500,000	0
NP Safe & Well Service	0					0	94,654	94,654
Other WG Grant estimated funding	0					0	-827,000	-827,000
Cont from General Reserve	-1,650,000					-1,650,000	-1,650,000	0
Net Budget Requirement	**304,081,617**	**0**	**0**	**0**	**0**	**304,081,617**	**301,891,345**	**-2,190,272**
						-		
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	-76,706,715	1,000,000
						-		
Total Funding	**-304,081,617**		**0**	**0**	**0**	**304,081,617**	**-303,081,617**	**1,000,000**
Overspend / (underspend)								**-1,190,272**

Specific Reserves **Appendix 2**

Description	Reserve at 1st April 2020 £000	Original Net Reserve Movements 2020/21 £000	Changes already approved £000	Proposed changes in Period £000	Estimated Reserve Bal at 31 Mar 2021 £000
EDUCATION, LEISURE & LIFELONG LEARNING					
Delegated Schools Cash Reserves					
ERVR Primary	Cr 8	0	0	0	Cr 8
Primary Schools Reserves	Cr 636	0	0	0	Cr 636
Secondary Schools Reserves	Cr 109	0	0	0	Cr 109
Special Schools Reserves	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
Education, Leisure and Lifelong Learning					
Margam Discovery Centre - Building Maintenance Reserve	Cr 48	Cr 50	0	0	Cr 98
Equalisation Account - Education	Cr 1,373	200	Cr 7	Cr 175	Cr 1,354
Home to School Transport	Cr 111	0	0	0	Cr 111
	Cr 1,532	150	Cr 7	Cr 175	Cr 1,563
Total Education Leisure & Lifelong Learning	**Cr 1,067**	**150**	**Cr 7**	**Cr 175**	**Cr 1,098**
SOCIAL SERVICES, HEALTH & HOUSING					
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	Cr 423	Cr 590	Cr 1,632
Hillside General Reserve	Cr 274	0	0	0	Cr 274

Specific Reserves

Appendix 2

Description	Reserve at 1st April 2020 £000	Original Net Reserve Movements 2020/21 £000	Changes already approved £000	Proposed changes in Period £000	Estimated Reserve Bal at 31 Mar 2021 £000
Youth Offending Service - Equalisation	Cr 153	0	0	0	Cr 153
Adoption Service	Cr 100	0	Cr 400	0	Cr 500
Total Social Services Health & Housing	**Cr 1,648**	**413**	**Cr 823**	**Cr 590**	**Cr 2,648**
ENVIRONMENT					
Concessionary Fare - Bus Pass Replacement Reserve	Cr 152	60	0	Cr 60	Cr 152
Asset Recovery Incentive Scheme	Cr 126	0	0	0	Cr 126
Local Development Plan	Cr 181	106	Cr 149	0	Cr 224
Winter Maintenance Reserve	Cr 754	0	10	0	Cr 744
Baglan Bay Innovation Centre - Dilapidation Res	Cr 78	0	0	0	Cr 78
Renewable Energy Reserve	Cr 11	0	0	0	Cr 11
Environmental Health - Housing Equalisation	Cr 137	137	Cr 137	0	Cr 137
Workways NPT Reserve	Cr 159	0	0	0	Cr 159
Environment Equalisation Reserve	Cr 715	182	216	Cr 75	Cr 392
Crown site reserve	0	0	Cr 312	0	Cr 312
	Cr 2,313	485	Cr 372	Cr 135	Cr 2,335
Operating Accounts					
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
Total Environment	**Cr 4,347**	**681**	**Cr 372**	**Cr 135**	**Cr 4,173**

Specific Reserves

Appendix 2

Description	Reserve at 1st April 2020 £000	Original Net Reserve Movements 2020/21 £000	Changes already approved £000	Proposed changes in Period £000	Estimated Reserve Bal at 31 Mar 2021 £000
FINANCE AND CORPORATE SERVICES					
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 200	0	Cr 598
Corporate Equalisation Reserve	Cr 535	465	Cr 91	Cr 126	Cr 287
Building Capacity	Cr 197	75	Cr 55	0	Cr 177
Voluntary Organisation Reserve	Cr 13	0	0	0	Cr 13
Total Finance and Corporate Services	**Cr 1,984**	**970**	**Cr 346**	**Cr 126**	**Cr 1,486**
COUNCIL RESERVES					
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	Cr 163	Cr 150	Cr 400
Corporate Contingency	Cr 2,269	48	Cr 20	0	Cr 2,241
Treasury Management Equalisation Reserve	Cr 7,639	0	0	0	Cr 7,639

Specific Reserves

Appendix 2

Description	Reserve at 1st April 2020 £000	Original Net Reserve Movements 2020/21 £000	Changes already approved £000	Proposed changes in Period £000	Estimated Reserve Bal at 31 Mar 2021 £000
ERVR - Transitional Reserve	Cr 4,536	0	60	158	Cr 4,318
Accommodation Strategy	Cr 2,274	250	0	0	Cr 2,024
Total Council Reserves	**Cr 28,902**	**465**	**Cr 123**	**8**	**Cr 28,552**
JOINT COMMITTEES					
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
Regional Safeguarding Board Reserve	Cr 92	0	0	0	Cr 92
Social Services - Intermediate Care Pooled Fund	Cr 28	0	0	0	Cr 28
	Cr 314	**0**	**0**	**0**	**Cr 314**
TOTAL ALL REVENUE RESERVES	**Cr 38,262**	**2,679**	**Cr 1,671**	**Cr 1,018**	**Cr 38,271**

General Reserve

Appendix 3

	Original Estimate 2020/21	Revised Estimate 2020/21	Difference 2020/21
	£'000	£'000	£'000
Opening balance 1st April	**Cr 19,128**	**Cr 19,921**	**Cr 793**
Council Tax increased income	Cr 1,300	Cr 1,300	0
Capital - Phase II Accommodation financing costs	170	170	0
Doubtful Debt Provision	200	200	0
Contributions to the Economic Development Fund	200	200	0
Community Councils Grant Scheme	25	46	21
Member Community Development Fund	300	300	0
Estimated budget surplus as at 31st January 2021	0	Cr 1,190	Cr 1,190
Contribution from /to revenue	1,650	1,650	0
Estimated Closing balance 31st March	**Cr 17,883**	**Cr 19,845**	**Cr 1,962**

Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

8th MARCH 2021

REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

HYWEL JENKINS

MATTER FOR DECISION

WARDS AFFECTED: ALL

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2021/22 TO 2023/24

Purpose of report

1. The purpose of this report is to set out the Capital Strategy and Capital Programme for 2021/22 to 2023/24.

Capital Strategy

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

Updated Capital Programme for 2020/21

3. The original Capital Programme totalled £87.920m, the updated programme for 2020/21 currently stands at £65.387m with the major

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

Welsh Government Capital Settlement 2021/22

4. The total Capital Settlement on an all Wales basis has increased from £758.255m to £766.618m on a like for like basis; with amounts still to be confirmed for a small number of grants in the Environment, Energy and Rural Affairs portfolio. The Un-hypothecated base budget of the Capital Settlement for All Wales has remained at £177.837m.

Neath Port Talbot – General Capital Funding

5. The amount of funding included in the 2021/22 settlement is £8.918m with £4.465m paid as a capital grant and the remaining £4.453m treated as supported borrowing with an allowance included in the revenue settlement to pay for the debt charges.

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

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

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

Projected Capital Programme Funding to underpin the NPT Capital Programme

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
WG Base Funding	7,989	8,918	8,918	8,918
Capital Receipts	1,300	1,300	1,300	1,300
Prudential Borrowing	2,000	2,000	2,000	2,000
Total Available Funding	**11,289**	**12,218**	**12,218**	**12,218**

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

Service	**2020/21 £'000**	**2021/22 £'000**	**2022/23 '000**	**2023/24 £'000**
Education	1,100	1,100	1,100	1,100
Schools ICT – HWB Grant Sustainability		150	200	250
Leisure	150	150	150	150
Margam Castle Stonework Repairs		100	200	300
Highways and Engineering Maintenance	1,625	1,625	1,625	1,625
Additional Highways Improvements		275	275	
Environment Street scene Improvements	500	500	500	500
Flood Prevention Initiatives – Continuation of 2020/21 projects		250		
Neighbourhood Improvements	150	150	150	150
Pavilions	100	100	100	100
Regeneration	2,275	2,275	2,275	2,275
Match Funding – Former Plaza	140	150	100	
Match Funding – Former Crown Foods	450	250		
Disability Access	150	150	150	150
Health & Safety	850	850	850	850
Social Services	150	150	150	150
Disabled Facilities Grants	3,000	3,000	3,000	3,000
Civic Accommodation Modernisation	100	150		
Decarbonisation Strategy (DARE) including Electric Vehicle Charging Stations		100	250	250
CCTV Replacement	100	150		
Income Generation Proposals		50	250	250
Contingency	449	543	893	1,118
Total	**11,289**	**12,218**	**12,218**	**12,218**

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

11. Included within the programme for the first time is an allocation of funding to support investment in income generation proposals. This allocation will be accessible to all services across the Council subject to the completion of a satisfactory business case demonstrating how the investment will lead to increased income.

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

Additional Capital Funding

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

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

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

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

Major Investment Initiatives

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

21st Century Schools

15. The Council is currently progressing with the second phase of 21st Century Schools investment known as Band B, this phase will see a further c£80.5m invested in new schools.

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

- Construction of a new Secondary School in Cimla replacing the current Cefn Saeson Comprehensive with a budget of £29.3m. Pupils will start to occupy the new buildings in June 2021, three months ahead of originally planned.

- Construction of a new single site Primary School in Longford replacing the three separate sites of the existing Abbey Primary with a budget of £10.495m. An additional £555k Childcare Offer has been also been awarded, taking the total school investment to £11.05m.

- Ysgol Gymraeg Ystalyfera Bro Dur Phase 3 – the addition of a new build block comprising six extra classrooms and 3G rugby pitch provision at the North campus. The project has a budget of £9m.

17. Welsh Medium Education
The Council has been successful in obtaining grant funding of £3.814m to improve facilities for Welsh Medium education over 3 years (19/20 – 21/22). At YGG Pontardawe £1.620m is to be invested to provide three extra classrooms and additional child care spaces. YGG Tyle'r Ynn will benefit from a £1.554m investment to provide two extra classrooms and childcare facilities. Also, YGG Cwmllynfell will see £0.640m invested to provide one additional classroom and an improved childcare offer.

18. Childcare Offer Funding
The Council has been awarded £4.7m to facilitate and support the delivery of additional childcare facilities across the County Borough over 3 years (19/20 – 21/22). Facilities will be developed at five schools (YGG Castell Nedd, YGG Blaendulais, Abbey Primary, Rhos Primary and Waunceirch Primary), plus a site in Cwmavon which is yet to be finalised. Included within the allocation is £0.538m, over the three years, to provide grants to other independent childcare providers to undertake minor capital adaptations and £0.122m to assist childcare providers in ensuring their facilities are COVID 19 safe.

19. School Capital Maintenance
The Council was awarded £2.2m in additional grant funding from the Welsh Government in 2020/21 for investment in School buildings. This grant displaced Council funded projects in 2020/21 with a subsequent re-investment in new projects in 2021/22.

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

21. Successful grant applications allow regeneration projects to progress across the County Borough over a number of financial years. These include, amongst others, the redevelopment of the former Plaza Cinema, redevelopment of Neath Town Centre, Harbourside infrastructure projects in Port Talbot and The Technology Centre on Baglan Energy Park.

22. City Deal
The Swansea Bay City Region Joint Committee has approved Neath Port Talbot's Business Case 'Supporting Innovation and Low Carbon Growth'. This Business Case includes details of a Programme totalling £55.5m with £47.7m being contributed from the City Deal Grant. The balance of the funding is due from other public sector funding (£4.75m) and private sector funding (£5.5m).

The Programme has been developed around four interlinked themes:

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

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

23. Schools ICT Infrastructure (HWB)
Welsh Government has introduced a new programme of investment into ICT infrastructure within schools throughout Wales. This will be used to deliver a national approach to digital services, allowing schools in Wales to consistently exploit the transformational benefits which digital technology can have on education and learning. Over £4.2m will have been invested in Neath Port Talbot's schools. The Council will also be supplementing this programme from its own resources to ensure long term sustainability.

Impact of future developments and schemes

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

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

Summary

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

27. Members will note that the Council is investing £80.170m in 2021/22 and when additional external funding from 21st Century Schools,

City Deal and other sources are included it is projected that the total investment over the next three years will be over £150m. Details of the individual projects being delivered can be found in Appendix 2 of this report.

The following investments are being targeted for 2021/22:

- The opening of a new Comprehensive School in Cimla to replace the current Cefn Saeson Comprehensive School.
- Progressing the build of the new Primary school which will replace Abbey Primary.
- Progressing the build of the third phase of works at Ysgol Gymraeg Ystalyfera (WMN).
- Continue with the development of the activity investment proposal at Margam Park.
- Progress with the regeneration programme including Harbourside, Neath Town Centre redevelopment, Plaza, and the Technology Centre.
- Continued investment of £3m in Disabled Facilities Grants.
- Redevelopment works at Hillside Secure Unit.
- Investment in school buildings and ICT.
- The Council's Waste Facility at Crymlyn Burrows will be remodelled as a Transfer Station with enhanced recycling capacity and facilities to accommodate the Council's expanding recycling operation.

Financial Impact

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

Integrated Impact Assessment

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

Workforce Impacts

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

Legal Impacts

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

Risk Management

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

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

Consultation

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

Recommendations

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

    - The Capital Strategy.

- The Capital Programme for 2021/22 to 2023/24 as detailed in Appendix 2 to this report.
- That the Programme be kept under review and updated over the coming year.

Reasons for proposed decision

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

Implementation of decision

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

Appendices

Appendix 1 - Capital Strategy

Appendix 2 - Capital Programme 2021/22 to 2023/24.

List of background papers

Local Government Settlement 2021/22

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Capital Strategy

Purpose of the Capital Strategy

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

Capital Programme Planning Process

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

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

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

- Maintenance of existing capital assets. This work is prioritised using the various Asset and Risk Management Plans in place

- Regeneration of the County Borough. Great emphasis is placed on this area and the subsequent benefits investment brings in relation to the economy and jobs. The Capital Programme allocation is used as a means of leveraging in external funding in the form of grants and private sector investment to ensure maximum benefits to the citizens of the County Borough

- Disabled Facilities Grants. These are seen as a key driver in ensuring that people can remain living in their own homes for as long as possible.

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

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

Governance Arrangements

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

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

Future Financial Sustainability

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

Appendix 2

Capital Programme 2021/22 to 2023/24

Capital Programme - 2021/22 to 2023/24

	Original 2020/21			Revised 2020/21			Original 2021/22			Original 2022/23			Original 2023/24		
		Funded by			Funded by			Funded by			Funded by			Funded by	
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service															
Education, Leisure and Lifelong Learning	36,255	12,050	24,205	30,605	6,716	23,889	31,860	11,013	20,847	3,532	2,221	1,311	1,850	1,850	0
Environment	44,177	26,311	17,866	31,825	15,879	15,947	39,502	25,389	14,113	9,420	7,195	2,225	6,200	6,200	0
Social Services, Health and Housing	5,949	5,388	561	2,031	1,701	331	7,152	6,883	269	3,150	3,150	0	3,150	3,150	0
Other Services	1,090	1,090	0	570	533	37	1,114	1,114	0	890	890	0	890	890	0
Contingency	449	449	0	355	355	0	543	543	0	893	893	0	1,118	1,118	0
Total	**87,920**	**45,288**	**42,632**	**65,387**	**25,183**	**40,204**	**80,170**	**44,942**	**35,228**	**17,885**	**14,349**	**3,536**	**13,208**	**13,208**	**0**
Funded by															
WG - General Capital Funding	11,367	11,367		9,851	9,851		19,402	19,402		10,118	10,118		10,218	10,218	
WG - Additional £5.010m General Funding	3,795	3,795		0	0		1,613	1,613							
Capital Receipts	4,725	4,725		964	964		3,161	3,161							
Prudential Borrowing	20,579	20,579		11,554	11,554		19,075	19,075		3,211	3,211		2,690	2,690	
Specific Reserves / Revenue	4,822	4,822		2,815	2,815		1,692	1,692		1,020	1,020		300	300	
External Grants	42,632		42,632	40,204		40,204	35,228		35,228	3,536		3,536			
Total	**87,920**	**45,288**	**42,632**	**65,387**	**25,183**	**40,204**	**80,170**	**44,942**	**35,228**	**17,885**	**14,349**	**3,536**	**13,208**	**13,208**	**0**

Appendix 2

Capital Programme 2021/22 to 2023/24

	Original 2020/21			Revised 2020/21			Original 2021/22			Original 2022/23			Original 2023/24		
		Funded by			Funded by			Funded by			Funded by			Funded by	
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education, Leisure and Lifelong Learning															
Capital Maintenance	1,100	1,100		933		933	1,365	1,365		1,100	1,100		1,100	1,100	
Capital Maintenance for Schools (previous year grants)	3,599	3,599		1,513	244	1,269	4,229	4,229							
Additional Maintenance & Improvements	1,000	1,000		4	4										
Schools ICT - HWB Grant Sustainability				1,049	304	745	832	150	682	200	200		250	250	
21st Century Schools - Band A															
Ysgol Cwm Brombil				51	51										
21st Century Schools - Band B															
Cefn Saeson Comprehensive	13,000	2,000	11,000	16,500	3,207	13,293	5,157		5,157						
Abbey Primary	5,311	1,000	4,311	3,000	689	2,311	6,023	169	5,854	1,441	130	1,311	50	50	
Ysgol Gymraeg Ystalyfera Bro Dur (North Campus) Final Phase	3,401	1,401	2,000	3,327	1,327	2,000	5,158	1,794	3,364	441	441				
Welsh Medium Provision Classrooms and Childcare															
YGG Pontardawe	1,220		1,220	1,017		1,017	250		250						
YGG Tyle'r Ynn	777		777	718		718	800		800						
YGG Cwmllynfell	235		235	228		228	400		400						
Infant Class Size Improvements															
YGG Rhos Afan	675		675	380		380	935		935						
YGG Castell Nedd	5		5	12		12									
Gnoll Primary	4		4	41		41									

Appendix 2

Capital Programme 2021/22 to 2023/24

	Original 2020/21			Revised 2020/21			Original 2021/22			Original 2022/23			Original 2023/24		
		Funded by			Funded by			Funded by			Funded by			Funded by	
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Childcare Offer															
Small Grant Pot - independent providers	255		255	139		139	277		277						
YGG Castell Nedd	555		555				250		250						
Wauncerich Primary	340		340	603	8	595									
Baglan Primary	545		545												
YGG Blaendulais	353		353				998		998						
Blaen Baglan Primary	540		540												
Rhos Primary	335		335				580		580						
Cwmavon (site to be identified)	755		755				1,000		1,000						
Flying Start															
Maintenance for H&S Compliance (various childcare settings)				11		11									
Digital Technology Equipment				10		10									
Cymmer Afan Site Clearance & Land Reclamation	200	200		36	36										
Leisure Investment	150	150		462	462		150	150		150	150		150	150	
Margam Orangery Improvement Works				105	105										
Margam Park Activity Investment	1,400	1,400		120	120		2,586	2,586							
Margam Park Stonework Repair							100	100		200	200		300	300	
Furzmill Pond Margam				119	119										
Pontardawe Arts Centre Cinema	500	200	300	30	30		770	470	300						
All Wales Play Opportunity				140		140									
ELLL Other				58	10	48									
Total	**36,255**	**12,050**	**24,205**	**30,605**	**6,716**	**23,889**	**31,860**	**11,013**	**20,847**	**3,532**	**2,221**	**1,311**	**1,850**	**1,850**	**0**

Appendix 2

Capital Programme 2021/22 to 2023/24

	Original 2020/21			Revised 2020/21			Original 2021/22			Original 2022/23			Original 2023/24		
		Funded by			Funded by			Funded by			Funded by			Funded by	
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environment															
Highways and Engineering Maintenance	1,625	1,625		1,975	1,975		1,625	1,625		1,625	1,625		1,625	1,625	
Streetscene Works	500	500													
Public Highways Refurbishment Grant	753		753	916	163	753									
Additional Highway Improvements							275	275		275	275				
Decarbonisation Strategy (DARE)										250	250		250	250	
Electric Vehicle Charging Stations							100	100							
Drainage Grants															
Flood Coastal Erosion Risk Management Grants				531		531									
Small Scale Works Grant				249	37	212									
Small Scale Flood Risk Management Grant (Storm Dennis)				80		80									
Natural Flood Management Scheme - Gnoll, Brynau and Preswylfa site				80		80									
Varteg Road Culvert Remediation – Detailed Design				109		109									
Ormes Road				150	23	127									

Appendix 2

Capital Programme 2021/22 to 2023/24

	Original 2020/21			Revised 2020/21			Original 2021/22			Original 2022/23			Original 2023/24		
		Funded by			Funded by			Funded by			Funded by			Funded by	
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Local Transport Fund - Highway Improvements				101		101									
Local Transport Fund - Cymmer Carriageway Improvements				431	50	381									
Local Transport Fund - Neath Integrated Transport Hub				389		389									
Local Transport Network Fund - Highway Network Improvements				107		107									
Road Safety Measures - A48 Margam near J38				39	39										
Road Safety Grant Improvements				255		255									
Safe Routes In Communities				50		50									
Active Travel Fund - Cycleway/Highway Improvements				1,198		1,198									
St. David's Street, Neath – New Bus Layby				2	2										
Major Bridge Strengthening															
Aberdulais Bridge Repair				2	2										
A474 Vale of Neath Bridge				6	6		289	289							
Cymmer Viaduct Design Work				42	42										
Flood Recovery															
Cwm Cottages Footbridge				17		17									
Masonry Footbridge Upstream of Aberpergwn Footbridge				6		6									
25 Graigmerched, Pantteg				17		17									
Landslip in Pontrhydyfen Opposite Rugby Pitch				115		115									
Park Lane, Gwynfi				12		12									
Bryn to Goytre Cycleway Slip				20		20									
Blaengwrach River Bridge Partial Collapse				716		716									
The Mill Bryncoch				27		27									

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Capital Programme 2021/22 to 2023/24

	Original 2020/21			Revised 2020/21			Original 2021/22			Original 2022/23			Original 2023/24		
		Funded by			Funded by			Funded by			Funded by			Funded by	
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Flood and Coastal Risk Projects															
Aberafan Promenade	1,400	1,400		1,063	1,063										
Flood Prevention Initiatives							250	250							
Neighbourhood Improvements	150	150		194	194		150	150		150	150		150	150	
Pavilions	100	100		141	141		100	100		100	100		100	100	
Disability Access	150	150		167	167		200	200		150	150		150	150	
Health and Safety	850	850		580	580		1,100	1,100		850	850		850	850	
Street Lighting	491	491		724	724		1,211	1,211							
Vehicle Replacement Programme	1,237	1,237		2,555	2,555		355	355							
Additional Recycling Initiatives				70	70		40	40							
Crymlyn Burrows Transfer Station															
Crymlyn Burrows Transfer Station Site Improvements				120	120		4,060	4,060		1,020	1,020		300	300	
Circular Economy Fund - Solar Panel Roof Project							500		500						
Circular Economy Fund - Recyclables Baler				178		178	178		178						
Circular Economy Fund - Bag Opener and Plastic Film Separator							400		400						
Pantteg Landslip Remediation Works				96	96										

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Capital Programme 2021/22 to 2023/24

	Original 2020/21			Revised 2020/21			Original 2021/22			Original 2022/23			Original 2023/24		
		Funded by			Funded by			Funded by			Funded by			Funded by	
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Other															
Southern Access Road & Ffordd Amazon Stage 2				45	45										
Environment - Streetscene Works				465	465		535	535		500	500		500	500	
New Lift PT Multi Storey Car Park				60	60										
Milland Road Footbridge				100	100										
Port Talbot PDR Land Compensation				1,072	1,072										
Briton Ferry Retaining Wall, Old Rd Baglan				48	48										
Physical Regeneration				137	137										
Council Buildings Recycling Initative				87		87									
Open Spaces Recycling Initative				56		56									
Cefn Coed Valleys Landscape Park	1,900	250	1,650	200		200									
Employment and Business Start Up Space	500	500		15	15		485	485							
Community Self Build Housing	150	150					150	150							
Neath Strategic Hub	250	250					250	250							
Valleys Task Force	400	400		150		150	83		83						
Vale of Neath Hub at Resolven Canal Car Park				183	55	128									
Destination Management Plan Match Funding at Gnoll Country Park	85	85					50	50							
Destination Management Plan Match Funding at Afan Forest Park	50	50		70	60	10	258		258						

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Capital Programme 2021/22 to 2023/24

	Original 2020/21			Revised 2020/21			Original 2021/22			Original 2022/23			Original 2023/24		
		Funded by			Funded by			Funded by			Funded by			Funded by	
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Seafront Regeneration	400	400													
Aquasplash Upgrade	350	350		350	350		250	250							
Town Centre Transformation - Match Funding	290	290													
Maintenance - Structures and Council Owned Tips	250	250		245	245		63	63							
Environemnt Various	60	60		124	124										
Regeneration															
Neath Town Centre Redevelopment	8,250	8,250		2,500		2,500	10,490	7,490	3,000	1,000	1,000				
Harbourside Strategic Employment Sites	4,612	1,270	3,342	722	258	464	3,434	1,414	2,020						
Former Crown Foods Site Acquisition & Re-development	3,820	3,620	200	3,200	3,200		200	200							
Former Plaza Re-development	5,759	1,301	4,458	3,300		3,300	3,556	2,000	1,556						
Former Port Talbot Magistrates Court Refurbishment				200	200		100	100							
Margam Park - Turbine House				55	55										
8 Wind Street Neath - Conversion to offices	580	265	315	760	320	440	100	100							
6 Station Road, Port Talbot	402	177	225	10	10		167	167							
Swansea Bay Technology Centre	5,100	1,100	4,000	2,992	760	2,232	5,268		5,268						
Neath Transport Hub	1,975	500	1,475				700	700		1,475		1,475			
Commercial Property Grant	150	150		40	40		275	275		75	75		75	75	
Property Enhancement Grant	1,160		1,160	850	100	750	800	300	500	500		500			
Other Regeneration Projects	428	140	288	260	110	150	1,455	1,105	350	1,450	1,200	250	2,200	2,200	
Total	**44,177**	**26,311**	**17,866**	**31,825**	**15,879**	**15,947**	**39,502**	**25,389**	**14,113**	**9,420**	**7,195**	**2,225**	**6,200**	**6,200**	**0**

Appendix 2

Capital Programme 2021/22 to 2023/24

	Original 2020/21			Revised 2020/21			Original 2021/22			Original 2022/23			Original 2023/24		
		Funded by			Funded by			Funded by			Funded by			Funded by	
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Services, Health and Housing															
Capital Maintenance	150	150		121	121		305	305		150	150		150	150	
Disabled Facilities Grants	3,000	3,000		1,400	1,400		4,784	4,784		3,000	3,000		3,000	3,000	
Hillside Secure Unit	2,000	2,000		100	100		1,637	1,637							
Enable - Support For Independent Living				188		188									
Social Services - Other Schemes				12	5	7									
Warm Home - Boiler Scheme	799	238	561	211	75	136	426	157	269						
Total	5,949	5,388	561	2,031	1,701	331	7,152	6,883	269	3,150	3,150	0	3,150	3,150	0
Other Services															
Schools IT Replacement	300	300		50	50		300	300		300	300		300	300	
Vehicle Replacement	340	340		140	140		340	340		340	340		340	340	
Information Technology and Agile Working	250	250		243	243		24	24							
Civic Accommodation Modernisation	100	100					250	250							
Food Poverty Grant				37		37									
CCTV Replacement	100	100		100	100		150	150							
Income Generation Proposals							50	50		250	250		250	250	
Total	1,090	1,090	0	570	533	37	1,114	1,114	0	890	890	0	890	890	0
Contingency	449	449		355	355		543	543		893	893		1,118	1,118	
Grand Total	**87,920**	**45,288**	**42,632**	**65,387**	**25,183**	**40,204**	**80,170**	**44,942**	**35,228**	**17,885**	**14,349**	**3,536**	**13,208**	**13,208**	**0**

Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

8th MARCH 2021

REPORT OF THE CORPORATE DIRECTORS GROUP

WARDS AFFECTED: ALL

REVENUE BUDGET 2021/22

1 Purpose of Report

1.1 The purpose of the report is to:

- Provide Cabinet with details of financial issues affecting the Budget and Forward Financial Plan.
- Review and confirm the latest position for 2020/21.
- Consider the Settlement Announcement made by Welsh Government in relation to Local Government funding and the prevailing financial environment.
- Consider Neath Port Talbot County Borough Council's 2021/22 Revenue budget including service pressures, savings solutions and equality impact assessments.
- Agree the principles in relation to fees and charges for Council services.

2 Background

2.1 Neath Port Talbot County Borough Council's net budget requirement for 2020/21 totals £304.082m and when grants and income are taken into account this means the Council's Gross Budget invests £442m in services across the County Borough. Every year the Council has a duty to consult and

set a budget for the provision of services. This report sets out the 2021/22 Revenue Budget. A separate report setting out the Council's Capital Programme for 2021/22 to 2024/25 is also presented for members approval to today's meeting.

2.2 On the 13th January 2021 Cabinet approved a consultation process with stakeholders on the Draft Budget for 2021/22 including proposed investments, cuts/savings, use of reserves and an increase in Council Tax. The projected budget gap over the next 3 years was circa £28m.

2.3 In setting the Budget, Members have to consider the requirement of delivering its statutory services, as well as those other services that the public and users have come to expect. The challenge is to set a budget at activity levels that are sustainable and equitable. Members also have to consider the demand for services and changes to these services in light of the impact on:

- Service users
- Employees
- Legislation including the Equality Act 2010 and Wellbeing of Future Generations (Wales) Act 2015 considerations
- Income generation
- Council tax level

3 Executive Summary

3.1 This report firstly identifies that based on the last budget update and monitoring report, it is anticipated that the Council will underspend the 2020/21 cash limit, of £304.082m, by £1.19m. As the original approved Budget for 2020/21 included £1.65m to be drawn from General Reserve this reduces the projected net call on that reserve to £460k.

3.2 2020/21 has been an extraordinary year due to the Covid19 Pandemic. On the 23 March 2020 the UK and National Governments introduced the first lockdown which impacted on all forms of business and lives throughout the UK. Since then we have had a number of restrictions initially relaxed

and then reintroduced with only key businesses and key council services currently operating as usual. Our schools are currently open for children of key workers and those up to 7 years old and providing on-line learning to older children. Residential and domiciliary care, supported living, emergency housing, waste and recycling, environmental health and other regulatory services have all been operating throughout the pandemic, with adaptations to minimise the spread and impact of Covid19. Many other services have been adapted to being delivered via home working, with significant support from our Digital Services Division. New online processes have been developed to enable significant financial support and grants to be paid to businesses, childcare, social care, families re free school meals, those on low incomes told to self-isolate etc. During 2020/21 the Council will have incurred extra costs and provided additional financial support to families and businesses totalling some £70m, with the majority funded by the Welsh Government.

3.3 Setting a balanced budget every year is a challenge especially as service demands continue to rise and funding constraints are in place. For 2021/22 this difficulty is enhanced as the Covid19 pandemic continues to disrupt the lives of people, businesses and council services. The UK and Welsh Government have provided significant additional financial support this year and we will need them to continue to provide such support in the next financial year. If the Governments do not provide sufficient additional funding next year then the Council will have to dip further into its reserves over and above the £3.1m set out in this report. As members are aware the financial and operational sustainability of the Council is critical for local residents, taxpayers and service users. The ongoing use of General Reserves to fund the base budget cannot continue at this level and will be further considered, from spring 2021, in work on the Medium Term Financial Plan.

3.4 For 2021/22 Neath Port Talbot Council's gross budget and investment in services totals £459.923m. The Council is projecting to receive specific grants of £92.168m, income

totalling some £46.676m and utilising general and specific reserves of £4.833m. This results in a net budget for 2021/22 of £316.246m. The Welsh Government have not yet confirmed any specific additional funding in 2021/22 for Local Authority Covid19 activities, hence the budget has been constructed on a traditional basis with a small number of Covid 19 impacts i.e. anticipated reductions in rent and car parking income and increased costs of Council Tax Support. As in the current year all Councils will continue to support businesses and families during the ongoing Covid pandemic and expect the UK and WG to provide additional funding in year.

3.5 On the 2nd March 2021 the Welsh Government published its final funding settlement for Local Government. The Council has also listened to the feedback received during the consultation period and confirms that the draft council tax increase of 3.75% included for consultation is being reduced to an annual increase at Band D of 2.75% or £44.43 in this final Budget. This is a reduction of 1% or just over £16 for the year on the consulted increase.

3.6 Members will note that in setting its net budget at £316.246m service reductions and savings totalling £135k, together with a Council Tax increase of 2.75% are required to ensure that the Council sets a balanced budget for the 2021/22 financial year. General Reserves are projected for 31st March 2022 at £16.860m and Specific Reserves at £36.704m. It is planned that the Council will use £3.1m of General Reserves to balance its budget for next year.

3.7 Welsh Government has published budget plans for next year only as they await the outcome of the UK Government Spending Review, before they are able to confirm the funding available to them and its distribution to public services. In the meantime we have not included any increase in WG funding and the Forward Financial Plan for the next 3 years to March 2025 shows a funding shortfall of some £49m. Further work, commencing in the spring, will be required to update the Forward Financial Plan to 2024/25 and to identify additional

income/savings in order to balance the annual budgets over that period.

4 Latest Budget Position 2020/21

4.1 The Revised Budget position for 2020/21 has been updated to reflect the latest projected income and expenditure in the current year and set out in a separate report to today's meeting.

4.2 Variations to net expenditure levels are considered as part of the regular budget monitoring reports to Cabinet, and are included in this latest position. The latest budget update and monitoring report shows a projected under spend of £1.19m on the Net Budget of £304.082m. The actual position will be reported to Members before the end of June 2021.

4.3 Full details of pressures and savings have been considered by Cabinet and scrutinised throughout the year.

4.4 The Revised Budget is included in the budget summary shown at Appendix 1.

5 Welsh Government Budget

5.1. The Final Welsh Government Budget was announced on 2nd March 2021 showing the Total Welsh Government Budget as £21.347bn. Of this £17.893bn is spent on Revenue and £3.454bn on Capital.

6 Welsh Government Settlement Announcement

6.1 The Provisional Local Government Settlement, announced on 21st December 2020, showed Welsh Government funding at £4.651bn which represented an average increase of 3.8%. This was inclusive of funding for teachers pay grant and coastal risk management programme. Funding for Neath Port

Talbot County Borough Council was announced as £236.68m, an increase of +4.2%.

6.2 The Final Local Government Settlement was published on 2nd March 2021 and confirmed Welsh Government funding for 2021/22 at £4.651bn. This is the same amount that was announced in the Provisional Settlement with this Council's funding confirmed at £236.68m which is an increase of +4.2%.

6.3 The headline figures included within the final settlement are:

	NPT	All Wales
2021/22 increase in Aggregate External Finance (AEF) after adjustment for grants transferred into settlement	4.2%	3.8%

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

	NPT	All Wales
	£'000	£'000
Education – Teachers Pay Grant	186	3,981
Coastal Risk Management Programme	0	1,145
	186	**5,126**

6.5 Specific Grants

Details of the All Wales funding for specific grants are included in Appendix 2. Members will note that the total amount of Non-Covid specific grants that has been announced totals £1.077bn.

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

- The Welsh Government has increased the grant for Social Care from £40m to £50m.

- The Housing Support Grant has increased by £43m to £167m.
- The Welsh Government has increased the Sixth Form grant by £3m to £99m, continue to provide £11m for Minority Ethnic and Gypsy, Roma and Traveller learners (an increase of £1m on the current year) and an additional £2.6m for Foundation Phase Nursery.
- Whilst the Provisional Settlement showed that the Sustainable Waste Grant was reduced by £1m to £16.4m, the final settlement confirms that the grant has been retained without a cut.
- The table indicates that the Concessionary Fares Grant has increased by £29m to £60m – (Members will note though an additonal provision of £34m re Covid 19 Bus Emergency Support). This increase reflects a technical adjustment to correct funds that had been included under Covid support in the current year.
- The £600k made available to eliminate charging for child burials and child cremations for the past three years has been increased to £800k in 2021/22.
- The final budget confirmed that whilst the Road Safety grant has doubled to £2m, there has been a cut of £3.1m to the Social Care Transformation Grant (now at £12.7m) and the Substance Misuse Grant reduced by £2.3m to £25m**.**

In addition the Welsh Government as part of this final settlement confirmed specific grants of £277m for Covid19 activities next year. This includes a new allocation of £206m to the Local Authority Hardship Fund, £34m for Bus Emergency Support, £23m for Free School Meals and £11.8m for the Education Accelerated Learning Programme. They have also confirmed that additional monies have been included in the Health Budget for the TTP service.

7 The Council's Revenue Budget

7.1 The Cabinet Board report of the 13th January received approval to commence consultation on the draft proposals for financial savings and income generation for 2021/22 and beyond.

7.2 The proposed final budget included at Appendix 1 sets out the Net Budget i.e. expenditure and funding for 2021/22, which is summarised below.

	2020/21	2021/22	Change
	Original	Original	
	£'000	£'000	£'000
Education Leisure and Lifelong Learning	116,019	120,874	4,855
Social Services and Housing	83,281	87,276	3,995
Environment	39,525	41,929	2,404
Corporate Services	18,208	18,775	567
Precepts and Other	48,699	50,492	1,793
Contribution from General Reserve	-1,650	-3,100	-1,450
Net Revenue Budget	**304,082**	**316,246**	**12,164**
Funded by:			
Revenue Support Grant	177,353	188,899	11,546
Non Domestic Rates	49,409	47,782	-1,627
Discretionary Rates Relief	-387	-387	0
Council Tax Yield	77,707	79,952	2,245
Total Funding	**304,082**	**316,246**	**12,164**

Members should note that in 2021/22 Council Tax payers will fund 25.3% (25.5% 2020/21) of the Council's Net expenditure. The majority of the funding at £236.68m or 74.7% is paid for by Welsh Government Grant and a share of the Non-Domestic Rates Pool.

7.3 As previously mentioned 2020/21 has been an extraordinary year due to the Covid Pandemic and from 21 January 2021 our response to the mine water floods at Skewen. On the 23 March 2020 the UK and National Governments introduced the first lockdown which impacted on all forms of business and lives throughout the UK. Since then we have had a number of restrictions and lockdowns. The rollout of Covid19 vaccines together with a reduction in infections and better weather due

from spring 2021 are encouraging signs as we move towards the new 2021/22 financial year.

7.4 Moving into the Covid19 Recovery stage will bring new opportunities and challenges for the Council, businesses and residents. Setting the Budget, with gross investment of £460m, including new investment into services of £7.2m, will enable the Council to provide the best possible services to residents and service users and start that recovery work and investment. Our Capital Programme, setting out an investment of £120m over the next 3 years, and reported separately to today's meeting and will also deliver work and jobs during the recovery stage.

8 Service Overview

8.1 Neath Port Talbot County Borough covers over 170 square miles. It is home to around 141,000 people living in more than 66,000 households in communities across the County Borough. The Council provides many different services to residents and businesses. We are responsible for maintaining approximately 860 kilometres of roads, 940 kilometres of footpaths and over 19,000 street lights across the County Borough.

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

- Education and schools
- Adult education
- Youth services
- Libraries including supporting community libraries
- Theatres and leisure
- Social services including homecare, residential care, supporting children and other vulnerable people with disabilities
- Highways maintenance
- Street lighting

- Building control
- Planning and economic development
- Passenger and school transport
- Waste management including refuse and recycling collections and disposal
- Food hygiene and trading standards
- Pest control
- Cemeteries and crematoria
- Licensing of taxis, pubs and restaurants
- Margam and Gnoll Country Parks
- Homeless assistance
- Registration of births marriages and deaths
- Housing and Council Tax Support

The Council pays a precept of £8.18m to the Mid & West Wales Fire Authority who provides the local fire service.

8.3 The following paragraphs provide further information in relation to the service investments and budget savings arising from the 2021/22 Budget (savings proposals are further explained in Appendix 4).

8.4 Education Leisure & Lifelong Learning (ELLL)

The directorate has a net budget of £120.874m, of which £93.314m is delegated to schools, and £27.560m is allocated for other Education services. In addition, grant and income boosts the gross expenditure for schools and the rest of the directorate to £162m.

As part of this investment the Council provides

- Education to almost 21,000 pupils from nursery age to post 16
- Specialist support and education to over 5,000 pupils
- Over a million nutritious school meals and transports pupils to school buildings cleaned by our staff

- Investment in 21st century schools to improve learning environments and provide state of the art facilities for the benefit of pupils and the wider community
- Support and champion the needs of vulnerable pupils and families to enable them to become more resilient
- A library service that issues over 400,000 books to the citizens of the county borough and supports community libraries
- A youth service that engages with over 6,000 young people with a further 2,000 adults benefiting from our community learning provision
- Theatres that present over 200 cultural events per annum and host over a million visits to Margam Park. Our leisure services contract also enables over a million visits per annum to leisure centres and swimming pools

Schools – The Council is committed to prioritising investment in schools and to educating our children. Today's Budget shows that commitment by increasing its investment in Schools by an extra £3.177m (+3.52%) to £93.314m. The projected gross budget (including specific grants) for schools is circa £98m. This includes providing additional funds to cover the full year effect of the September 2020 pay award, a 1% pay ward for 2021, £250k for increased pupil numbers and £750k to increase support for learners.

Other – The Council will be investing £27.560m in other Education Leisure and Lifelong Learning Services, a net increase of £1.339m from the 2020/21 revised budget. This is inclusive of the transfer of community safety services (£328k) and an additional £928k (Appendix 3) provided to cover pressures, helping to protect services to vulnerable families and children. New investment of £430k for work associated with the implications of Additional Learning Needs legislation and £315k for the continuing impact of Covid19 on the number of children entitled to Free School Meals.

The Community Safety budget, at £3.8m gross or £328k net of grant, has been transferred from the Corporate services Budget to the Education Directorate Budget. It consists of

general community safety work and substance misuse services (which is mainly funded by specific grants on the NPT and Swansea Councils footprint).

Members will also note that the budget provides for one-off funding of £1.345m in 2021/22, funded from the Contingency Reserve. Of this, £1m is provided for estimated additional costs prior to entering into a new leisure services contract, £279k for loss of income during the period that Margam Orangery is used as a vaccination centre and £66k for increased capacity for the Safe and Well Service

This investment is also net of the savings reductions and increased income generation of £85k for the Directorate services as set out in Appendix 4.

There have been no changes to the 2 savings and income proposals as a result of budget consultation. This budget confirms that the investment in a cinema at Pontardawe Arts Centre is continuing with a go live date in spring 2022.

8.5 Social Services Health & Housing (SSH&H)

The directorate has a net budget of £87.276m, in addition, grant and income boosts the total gross expenditure for Social Services Health and Housing to £120m.

As part of this investment the council provides

- Support for 298 looked after children. This has reduced significantly from a high of some 502 in 2012 and includes foster care placements and adoptions.
- Elderly services via home care to over 830 service users, and 530 residential care users
- Services to some 700 people with mental health, physical and learning disabilities
- Social worker support work is being provided to over 3,800 adults or people with disabilities and a further 1,000 families through our children Social work team.
- Supporting people arrangements for some 1,700 clients.

Children Services – In 2021/22 the Council will continue to prioritise and make a significant investment of £22.429m in Children Services. The service continues to improve and has managed safely a reduction in the number of looked after children within the County Borough. An additional £360k has been provided to fund 2 extra children currently in residential care placements.

Adult Services – The Council will be investing £52.799m in Adult Social Care Services. This includes an extra £1.35m above inflation to support service demand and pressures.

Management support including social work costs - The Council is maintaining its investment in social workers in order to support clients across Children and Adult services with a budget of £11.316m.

Housing Services – The gross investment in Housing Services totals £7.705m of which Supporting People at £4.795m receives the largest budget share with further investment in housing grants, housing options and homeless services. The Council is providing an additional £200k into the base budget for housing services. This is in addition to an increase of £1.55m of specific grant due from Welsh Government.

As members will note the budget provides new funding of £2.108m from the council for pressures as set out in Appendix 3, to reflect the growth in demand for services.

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

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

There are no proposed reductions in funding for 2021/22.

8.6 Environment (ENVT)

For 2021/22 the Council will be investing £41.929m in Environment Services, an increase of £1.945m on the current year's revised budget. In addition, grant and income boosts the gross expenditure for Environment to £61m.

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

- Maintaining 860 kilometres of roads, 940 kilometres of footpaths and 15,000 road signs
- 3.3m recycling collections per year
- 1.6m refuse collections per year
- 19,000 lighting units throughout the county borough
- Repairs to 270 potholes per month
- Clean over 30,000 gullies a year
- Maintain 1,900 culverts,1,800 retaining walls and 356 bridges
- Public protection via issuing Environmental Health statutory notices
- Assist 74 unemployed people into work and 16 into volunteering or paid work experience.
- Provide business Support and advice to over 1000 businesses, including 169 start-up enquiries, (9 months to Dec 2020)
- Property services management for industrial units and workshops across the county borough

New investment of £1.6m is provided for 2021/22 including £400k to cover increased tonnages for waste services; £350k for street care services; £300k for reduced car park income and £250k for reduced property rent income due to Covid19; £170k for increase capacity to support our towns and regeneration projects; £50k to build up our Decarbonisation capacity and extra electric charging points (with further additional investment planned for the following 2 years).

The Directorate will also invest £64k, from reserves, in one-off activities including a waste composition survey, to buy equipment and literature to roll out a pilot absorbent hygiene product collection service and highways IT costs.

There are no proposed reductions in funding for 2021/22.

8.7 Corporate Services (CORP)

For 2021/22 the Council will be investing £18.775m in Corporate Services. This includes an additional £424k to fund identified pressures, as outlined in Appendix 3. The Directorate is also required to deliver savings of £50k which will be mainly achieved by reducing staff costs through the voluntary redundancy scheme, due to improved efficiencies and the move to increased digital services.

Members will also note that it is proposed to temporarily fund £158k from the Corporate Contingency Reserve (to fund increased temporary staffing capacity costs of £92k for Procurement and Information Governance) together with £100k from the IT Renewals Reserve (to fund capacity to rewrite the Social services system).

During the Covid pandemic many corporate services have transformed the way they work both from home and to deliver front line services. New IT systems have been developed to pay grants to businesses, free school meals payments to parents, payments to those self isolating from Covid19, increased payments to residential and domiciliary care

providers and their staff. Laptops and other devices have been rolled out to teachers and school children to allow them to access learning from home. The Council's governance arrangements were amended to enable on-line meetings, and new processes introduced to pay suppliers, identify and reclaim additional Covid19 related costs and income loss and to work with Welsh Government and other partners.

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

8.8 Other Budget Provisions – A budget provision of £8.335m has been provided for levies and contributions to external bodies. This is an increase of £288k on 2020/21 with the largest amount being payable to the Mid and West Wales Fire Authority at £8.180m.

The capital financing budget is set at £19.667m to fund the repayment of debt borrowed by the Council to fund its capital programme. In addition, £19.835m has been provided to fund the Council Tax Support Scheme in line with Welsh Government requirements. This includes an additional £500k for additional claimants which have arisen due to the impact of Covid. The budget will provide financial support to more than 17,500 of the most financially disadvantaged council tax payers in the county borough.

The budget also includes a contingency provision of £2.1m to cover general cost pressures and pay and pensions. Given the amount of uncertainty on how much additional funding the UK and WG will provide in 2021/22 it is prudent to accommodate these sums within the budget.

9. Budget Analysis 2021/22

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

	£'000	£'000

	£'000	£'000
Revised Guideline Budget 2020/21		**304,082**
Inflation, Pay awards		6,324
Net transfer into RSG (par 6.4)		186
Service Pressures (par 9.7)		7,239
Reverse the use of General Reserves in 2020/21		1,650
Total Requirement		**319,481**
Directorate savings		
- Education, Leisure and Lifelong Learning	-85	
- Corporate	-50	-135
Use of General Reserves 2021/22		-3,100
Budget 2021/22		**316,246**

9.2 Members will note that the savings schedule as approved by Council on 6th March 2020 has been reviewed and was re-profiled for the draft consultation and is now finalised as part of this budget report. Members will note that no new proposals have been included as a consequence of capacity being redirected to managing the impact of Covid.

9.3 The Draft Budget proposals have been subject to consultation with the public, partners, staff and trade unions, have been scrutinised by the relevant committees, and prepared in the context of the Corporate Plan, based upon the following three Well-being objectives:

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

- To improve the well-being of all adults who live in the county borough - "Everyone participates fully in community life – socially and economically"

- To develop the local economy and environment so that the well-being of people can be improved - "The whole of Neath Port Talbot County Borough will be a vibrant and healthy place to live, work and enjoy recreational time"

9.4 Work will continue during 2021/22 to ensure that the savings identified are delivered and details are included in Appendix 4. Each individual Cabinet Board/Scrutiny Committee will meet throughout the year to scrutinise the implementation of the proposals and to monitor their achievement.

9.5 Pay award – the budget allows for a 1% pay award for all staff, together with an additional contingency of £1.4m. The Chancellor of the Exchequer announced on the 25 November that due to the impact of Covid he was freezing pay awards for public servants in 2021 other than for those earning up to £24,000 would receive £250 and nurses and doctors would receive a pay award as recommended by their Pay Review Bodies (not yet announced). Teachers and Local Government staff have their own pay negotiating bodies and their 2021 pay and terms and conditions will be finalised later this year.

9.6 Price & income inflation – price inflation has been allowed on a selective basis and total income receipts have been assumed to increase by 2%, as a result of changes in price and volume.

9.7 Service pressures – a review of service pressures has been undertaken and the following additional amounts have been included in the budget:

Service Pressures & Investment	**£'000**
Schools	1,400
Education Leisure and Lifelong Learning	928
Social Services and Housing	2,108
Environment	1,629
Corporate	424
Pay, Pensions and Contingency provision	750
Total	**7,239**

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

9.8 £19.667m is included in the budget to meet the cost of capital financing charges including prudential borrowing. A separate report setting out the Council's capital programme is included on the agenda for today.

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

External Body	**2020/21**	**2021/22**	**Change**
	£'000	**£'000**	**£'000**
Mid & West Wales Fire & Rescue Authority	7,891	8,180	289
Swansea Bay Port Health Authority	47	46	-1
West Glamorgan Archive Service	96	97	1
Magistrates Court	12	11	-1
Margam Joint Crematorium Committee	1	1	0
TOTAL	8,047	8,335	288

9.10 **Council Tax** – The draft budget for consultation assumed that the council tax would increase by 3.75%.

Following consultation and receipt of the final settlement this has been reduced for the final budget and <u>it is now proposed that the Neath Port Talbot Council Tax at Band D will increase by 2.75% or £44.43 to £1,660.02.</u>

Based on a council tax base of 48,163.46 Band D properties this will generate council tax proceeds of £79.952m or 25.3% of the Council's net Budget requirement.

Although the Council is required to state the Council Tax at Band D, approximately 79% of residents in Neath Port Talbot are charged below the Band C amount of £1,475.57, with the majority seeing an increase of less than 12 pence per day.

Members should note that the Council Tax setting process for 2021/22 will also be completed on 9th March 2021. The Council is required to set the total Council Tax for 2021/22 incorporating the amount payable for this County Borough, the Police and Crime Commissioner for South Wales and relevant Town and Community Council.

10 **Standard Spending Assessment –** The Council's budget at £316.246m for 2021/22 will be 3.2% or £9.874m above its Standard Spending Assessment of £306.372m, which is the Welsh Government's assessment of the need to spend.

11 **Consultation** – The following extensive engagement and consultation activities have been undertaken following the approval of the Draft Report that started consultation on 13th January through to 12th February 2021.

- Overarching public consultation on the Council's budget setting process (including on line web portal and comments via social media). Due to the restrictions in place to restrict the spread of Covid19 it has not been possible this year to provide consultation boxes in Libraries and other public buildings.
- As there were no new proposals to cut services no specific consultation exercises with service users and wider stakeholders have been carried out this year.
- Stakeholder consultation (including elected members, forums, boards, committees, trade unions and other stakeholders)
- External email responses
- There was an online petition on 'change.org' for 'a full independent review of Council Tax rates'

A summary of the responses received is included in Appendix 8. Following receipt of responses from the public, staff, service users and Members it should be noted that this report sets out a change to the council tax increase, that was included in the draft Budget for consultation and this is summarised below. Members have also considered and reviewed the draft proposals within the appropriate Scrutiny

Committee meetings that took place during January and February.

Changes to the draft savings proposals and other budget provisions incorporated into the 2021/22 Budget

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

The council tax increase has been reduced from a proposed 3.75% to 2.75% which has been offset by a reduction in the contingency provision included in the budget.

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

- Ensuring that all the individual savings (included in Appendix 4) are delivered in full.
- Improved efficiency and the elimination of waste
- Reduction in some service levels will occur together with some negative consequential impacts
- A Council Tax increase of 2.75%
- Increased use of income generating opportunities and selective increases in fees & charges.

13. Income Generation

The budget assumes a general uplift of 2% in total income receipts, arising from a combination of variations in price and activity. The general principle applied is that price increases should reflect anticipated inflationary increases, but must also be set in the context of the service and budget pressures facing the Authority. Charges must be sustainable in the future, consider the social impact and meet equality requirements (see also paragraph 21).

14. Reserves

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

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

The budget includes in total the net application of £1.568m from Specific Reserves, resulting in a projected closing balance of £36.704m at 31st March 2022. Details of all specific reserve movements and projected balances are included in Appendix 5.

It is budgeted that £3.1m from the General Reserves will be used to fund the 2021/22 Budget with the projected balance at 31 March 2022 being £16.86m as set out in Appendix 6. Given the projected budget shortfall gap of £49m over the period to 2024/25 it is proposed to only use the £3.1m for next year and retain the General Reserve balance for future funding requirements.

The Authority is required to retain a reasonable level of reserves. As at 31st March 2022 the General Reserves is projected to equate to 5.3% of the Authority's net budget.

15. Section 151 Officer Responsibility and Risk Management

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

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

A pay, pensions and general contingency of £2.15m has been set aside in the base budget to fund any variations and

the risks in delivering the savings included in the budget. Should the risks be higher than this then the General Reserve and Corporate Contingency Reserve will be available to support any emergency calls.

Outlined below are a number of risk areas that will need to be actively managed during 2021/22 and into future years:

- Ongoing operational and financial implications of the Covid19 pandemic
- Implications of Brexit
- Containment of expenditure within the cash limit
- Continuous improvement in Children Services.
- Managing demand in social care including adult and learning disability services
- Continuing to work with the Health Service to reduce delays in discharge from Health Care.
- Potential delays in implementing the savings strategies and decisions.
- Waste management and other contractual pressures
- Ability to deliver WG recycling targets to minimise financial penalties
- Loss of experience and knowledge due to staff leaving, including from natural turnover, ER/VR and hence continuing capacity to deliver investment projects
- Adequate provision for budget pressures
- Adequate provision for pay award
- Guaranteed pension payment value
- Adequate provision for inflationary increases linked to CPI/RPI
- Changes in taxation
- Legislative changes
- Local Government and Elections (Wales) Bill including webcasting and other service costs
- Diminishing capital receipts
- In-year changes to specific grant funding
- Additional costs of properties declared as surplus, prior to disposal
- Variations to the number and cost of claimants for Council Tax Support

- Increase in demand for some services
- Unplanned use of the general or specific reserves
- Implementation of the requirement of the Social Services Wellbeing Act 2014
- Implementation of the Welsh Language Standards
- Future years funding requirements for capital investment including City Deal, 21st Century Schools and others.
- Inclement weather impacts on services, infrastructure, communities and budget/reserves.
- Ongoing infrastructure and social, welfare and health demands from floods on communities such as Skewen.
- Funding available following UK Government Spending Review – expected autumn 2021.

16. Integrated Impact Assessment

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

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

As demand for services and the corresponding budget requirement exceed the funding available, there is an overall negative impact on the Council's ability to deliver services in 2021/22 at the same level as in 2020/21.

The budget report incorporates significant investment in services together with an increase in Council tax and the use of £3.1m form general reserves. This will have different (positive, negative and neutral) impacts on services, service

users and taxpayers, who are part of one or more of the protected characteristics set out under legislation.

Whilst the Council has made efforts to embrace the sustainable development principle in developing its budget proposals, it is inevitable, that there will be some negative impacts arising from proposals.

The Forward Financial Plan will continue to be worked on from early 2021 and where appropriate a separate report setting out relevant impacts will be prepared for consideration, review and approval by the relevant Scrutiny Committee and Cabinet Board.

Setting a balanced budget for 2021/22 will assist the Council in being able to demonstrate that it is managing its financial and operational statutory duties on a sustainable basis. Where there are budget reductions these are specifically identified within appendix 4 to the report.

17. Crime and Disorder Impact

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

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

18. Workforce Implications

There are no proposals for major staffing reductions but some of the temporary roles created during our response to Covid 19 are likely to come to an end later in the financial year.

The Council will continue to be a major employer in the County Borough but over the last 10 years of austerity the

opportunity for new employment opportunities with the Council has significantly reduced.

19. Legal Impact

The Council has carried out both general and specific consultation on the Council's priorities budget including draft council tax increase proposals as set out in the Cabinet report of 13th January 2021. Due regard is given to statutory service requirements and legislation in finalising changes to service delivery, budget reductions and their implications on service users. Members should consider carefully the responses to consultation and the Integrated Impact Assessment.

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

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

	2021/22	2022/23	2023/24	2024/25
WG funding	4.2%	0.0%	0.0%	0.0%
Pay & Pension Inflation	1.0%	2.5%	2.5%	2.0%
General inflation	2.0%	2.0%	2.0%	2.0%

Members will note that every 1% variation in WG funding equates to over £2.3m. Hence if settlements should increase the financial gap mentioned below will reduce. Future year inflation, pay award, service pressures, contingencies and savings proposals have also been included in the budget forecast (see Appendix 3 and 4).

This report includes a balanced budget for 2021/22 following the use of reserves as set out in this report, but indicates a budget shortfall of circa £49m will be required over the following 3 years to March 2025. This will be addressed as part of the ongoing Forward Financial Planning process.

21. **Fees & Charges** – as mentioned in paragraph 13 the budget assumes a general uplift of 2% in total income receipts, arising from a combination of variations in price and activity. Income from services and respective fees and charges will form an integral part of future year budget proposals.

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

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

22. **Recommendations**

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

a) That the following matters are delegated to the appropriate Corporate Director following consultation with the Council Leader, relevant Cabinet Member and Chair of the relevant Scrutiny committee:-
   - Fees and charges applicable for the financial year 2021/22
   - Fees and Charges which are applicable in any subsequent financial year and which, in the opinion of the relevant Corporate Director, need

to be set in advance of the financial year for operational reasons.

b) After reviewing the content of this report Cabinet commends to Council the following:

i) Latest budget position 2020/21 – approve the revised budget position and arrangements for 2020/21

ii) The Council's Revenue Budget 2021/22
- Take account of the Integrated Impact Assessment and Crime and Disorder impacts in setting the budget for 2021/22
- Approve the Net Revenue Budget requirement for 2021/22, and the service plans for the delivery of the budgets
- Approve the budget/forward financial plan savings (outlined in Appendix 4)
- Instruct Corporate Directors to progress the savings and improvement programme for the Authority

iii) Fees and charges for non-executive functions – that the determination of the following matters be delegated to the appropriate Corporate Director following consultation with the Council Leader, Deputy Leader and Chair of the relevant Non-executive committee
- Fees & charges applicable in 2021/22
- Fees and charges applicable in any subsequent financial year and which, in the opinion of the Corporate Director, need to be set in advance of that financial year for operational reasons

iv) Council Tax 2021/22 – That the 2021/22 Band D equivalent for Neath Port Talbot County Borough Council will be £1,660.02.

23. Reasons for Proposed Decisions

To fulfil the statutory requirement to determine the budget for 2021/22.
To seek support for the Council's Forward Financial Plan.
To agree arrangements for setting Fees and Charges.

24. Implementation of Decision

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

25. Appendices

Appendix 1 – Revenue Budget Summary 2021/22
Appendix 2 – Welsh Government Grants
Appendix 3 – Service Plan Pressures and Investment
Appendix 4 – Budget Savings – Budget & Forward Financial Plan
Appendix 5 – Specific Reserves
Appendix 6 – General Reserve
Appendix 7 – Integrated Impact Assessment for Budget 2021/22
Appendix 8 – Consultation Summary

26. Background Papers

Cabinet Report of 13th January 2021
Budget working papers 2021/22
Local Government Settlement
Consultation Responses
Integrated Impact Assessments

27. Officer Contact

For further information on this report item, please contact:

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REVENUE BUDGET SUMMARY	2020/21	2020/21	2021/22
	Original Budget	Revised Budget	Original Budget
	£000	£000	£000
Directly Controlled Expenditure			
Schools	90,137	90,137	93,314
Other Education	25,882	26,221	27,560
Total Education	**116,019**	**116,358**	**120,874**
Social Services and Health	83,281	83,561	87,276
Environment	39,525	39,984	41,929
Finance & Corporate Services	18,208	18,406	18,775
Total Directly Controlled Expenditure	**257,033**	**258,309**	**268,854**
Levies			
Swansea Port Health Authority	47	47	46
Fire Authority	7,891	7,891	8,180
Margam Crematorium	1	1	1
Contributions			
Archive Service	96	96	97
Magistrates Court	12	12	11
Other Expenditure			
Treasury Management / Capital Financing	19,282	19,282	19,667
Council Tax Support	18,748	18,748	19,835
Misc. (including pay & pensions)	1,300	318	1,400
Contingency	822	528	755
Contingency-Management of Change	500	500	500
Contributions/Reserves			
Contribution from General Reserve	-1,650	-1,650	-3,100
BUDGET REQUIREMENT	**304,082**	**304,082**	**316,246**

REVENUE BUDGET SUMMARY	2020/21	2020/21	2021/22
	Original Budget	Revised Budget	Original Budget
	£000	£000	£000
INCOME			
Revenue Support Grant	177,353	177,353	188,899
National Non Domestic Rates	49,409	49,409	47,782
Discretionary Rates Relief	-387	-387	-387
Council Tax - Neath Port Talbot CBC	77,707	77,707	79,952
TOTAL INCOME	**304,082**	**304,082**	**316,246**

Appendix 2

Welsh Government Final Settlement - Specific Grants 2021/22

Portfolio and Grant Name	2020-21 (£000)	2021-22 (£000)	Change (£000)
Education			
Regional Consortia School Improvement Grant [1]	150,703	151,349	646
Pupil Development Grant	103,000	103,000	0
Sixth Form Provision	95,722	98,803	3,081
PDG Access[2]	10,454	10,454	0
Youth Support	10,056	10,056	0
Transition support for Minority Ethnic and Gypsy, Roma, Traveller learners[2]	10,000	11,000	1,000
Additional Learning Needs[2]	7,155	7,155	0
Reducing Infant Class Sizes Grant - Revenue	6,000	6,000	0
Local Authority Post-16 Education Provision 2020-21 – Adult Learning Provision	4,915	4,915	0
Teachers Pay	3,981	RSG	N/A
Additional Learning Needs Transformation Fund	3,578	3,200	-378
Whole School Approach to Wellbeing	2,769	2,800	31
Small and Rural Schools Grant	2,500	2,500	0
Foundation Phase Nursery	1,160	3,768	2,608
SEREN	836	526	-310
Elective Home Education[2]	800	1,500	700
Additional breakfast allowance for Year 7 pupils who are eligible for free school meals	135	450	315
TOTAL	**413,764**	**417,476**	**3,711**
-			
Housing and Local Government			
Children and Communities Grant[3]	140,742	138,942	-1,800
Housing Support Grant	123,688	166,763	43,075
Cardiff Capital Region City Deal[4]	10,000	0	-10,000
Cardiff Harbour Authority	6,000	5,433	-567
EFAS 2020 Flooding	3,978	TBC	TBC
Affordable Housing Grant	2,515	2,515	0
Electoral Reform Support[5]	1,750	0	-1,750
Digital Transformation Fund	1,500	1,500	0
Child Burials	600	800	200
Armed Forces Liaison Officer Grant	250	275	25
South Wales Regional Aggregate Working Party (RAWP)	50	50	0
Waste Planning Monitoring Report - North Wales and South East Wales	48	48	0

Portfolio and Grant Name	2020-21 (£000)	2021-22 (£000)	Change (£000)
Rural Housing Enabler	44	60	16
North Wales Regional Aggregate Working Party (RAWP)	25	25	0
Waste Planning Monitoring Report - South West Wales	16	16	0
Armed Forces Day[6]	0	20	20
TOTAL	**291,206**	**316,447**	**25,241**
Health and Social Services			
Childcare Offer- Childcare Costs	73,455	75,000	1,545
Social Care Workforce Grant	40,000	50,000	10,000
Transformation Fund	15,866	12,699	-3,168
Childcare Offer- Administration Grant	3,500	3,500	0
Family Justice	3,000	TBC	TBC
Adoption Services	2,300	2,300	0
Family group conferencing – pump priming	2,200	TBC	TBC
Early Years Integration Transformation Programme	1,692	3,000	1,308
Intervention fund for supporting child and family well-being to safely divert cases from child protection registration	1,600	TBC	TBC
Childcare Offer- Additional Support grant	1,350	1,500	150
Transformation Programme	1,230	1,230	0
Care Leavers hardship fund	1,000	TBC	TBC
National Approach to Statutory Advocacy for Children and Young People	550	550	0
National Fostering Framework	320	320	0
Capacity Building Funding for Local Authorities - to support the implementation of the new Performance and Improvement Framework	220	220	0
Young Carers ID card	195	150	-45
Maintaining the Delivery of the Wales Adoption Register	182	182	0
Funding to support the placement of UASC	80	80	0
Supporting Safeguarding Boards to deliver training for the implementation of Welsh Government policy and legislation	60	60	0
Residential care homes for Children - task and finish group	50	50	0
Contact Services	21	11	-10
Review of National Minimum Allowance for Registered Foster Carers in Wales 20-21[5]	10	0	-10

Portfolio and Grant Name	2020-21 (£000)	2021-22 (£000)	Change (£000)
Review of the Local Authority Performance Management Framework Grant	6	6	0
Supporting age friendly communities	0	330	330
TOTAL	**148,887**	**151,188**	**2,301**
Economy and Transport			
Free Concessionary Bus travel[6]	31,172	60,133	28,961
Bus Services Support Grant	25,000	25,000	0
Bus Revenue Support - Traws Cymru[7]	4,367	5,600	1,233
Youth Discounted Travel Scheme (My Travel Pass)	2,000	2,000	0
Arfor innovation Fund[5]	1,000	0	-1,000
Road Safety Grant	950	2,000	1,050
Anglesey Airport - Operation & Maintenance	800	800	0
LA Grant Fund for Cyber Improvement[5]	248	0	-248
Public Sector Certified Cyber Training Scheme Grant Fund [5]	150	0	-150
Funding to improve Cyber Resilience[5]	100	0	-100
Developing a Regional Economic Delivery Plan for South West Wales[5]	49	0	-49
Mid Wales Applied Research & Innovation Study [5]	25	0	-25
Penrhos Feasibility Study [5]	25	0	-25
Nemesis Bioscience Welsh Phage Project [5]	10	0	-10
Accelerator Programme [5]	9	0	-9
TOTAL	**65,905**	**95,533**	**29,628**
Environment, Energy and Rural Affairs			
Sustainable Waste Management Grant	17,400	17,400	0
Food and Residual Waste Treatment Gate Fee Support	13,300	13,300	0
Flood and Coastal Erosion Risk Management	4,278	TBC	TBC
Coastal Risk Management Programme[8]	1,591	5,683	4,092
Implementation of measures to tackle nitrogen dioxide emissions	353	448	95
Enabling Natural Resources and Well-being in Wales Grant (ENRaW)	342	399	57
Environment Act 1995 (Feasibility Study for Nitrogen Dioxide Compliance) Air Quality Direction[5]	201	0	-201
Local Authority Animal Health and Welfare Framework Funding	200	200	0

Portfolio and Grant Name	2020-21 (£000)	2021-22 (£000)	Change (£000)
Welfare of Horses [5]	107	0	-107
Smart Living Initiative	80	TBC	TBC
Non-domestic (Business) Rates Support for Hydropower[5]	9	0	-9
TOTAL	**37,861**	**37,430**	**-431**
Mental Health, Wellbeing and Welsh Language			
Substance Misuse Action Fund	27,588	25,063	-2,525
Complex Needs Funding - Substance Misuse and Mental Health[5]	945	0	-945
Promote and Facilitate the use of the Welsh Language	374	374	0
Deprivation of Liberty Safeguards (DoLS)	263	263	0
Drug & Alcohol Initiatives Naloxone Programme	160	80	-80
Event Wales (formerly Major Events Unit) Grants Scheme[6]	0	195	195
TOTAL	**29,330**	**25,975**	**-3,355**
Finance and Trefnydd			
Retail, Leisure and Hospitality Rates Relief Scheme	27,700	27,700	0
TOTAL	**27,700**	**27,700**	**0**
Deputy Minister and Chief Whip			
Violence against Women, Domestic Abuse & Sexual Violence Grant (Core & Perpetrator element)	2,151	2,156	5
Period Dignity in Schools	1,140	2,281	1,141
Community Cohesion Grant	1,120	550	-570
Period Dignity in Communities	220	220	0
TOTAL	**4,631**	**5,207**	**576**
Culture, Sport and Tourism			
MALD strategic grants, including Fusion	208	208	0
Specialist Service Grants	25	25	0
TOTAL	**233**	**233**	**0**
All Grants	**1,019,517**	**1,077,188**	**57,671**
All Grants excluding TBC and RSG transfers (for like-for like comparison)	**998,254**	**1,077,188**	**78,934**

Covid19 Specific Grants

Portfolio and Covid19 Grant Name	2020-21 (£000)	2021-22 (£000)	Change (£000)
Housing and Local Government			
Local Government Single Emergency Hardship fund	661,442	206,600	-454,842
Council Tax Collection	22,600	0	-22,600
Local Government COVID19 Council Tax Reduction	10,900	0	-10,900
Transforming Towns and Covid Recovery Revenue Funding	550	0	-550
TOTAL	**695,492**	**206,600**	**-488,892**
Finance and Trefnydd			
COVID19 - Retail, Leisure and Hospitality Rates Relief Scheme	349,081	TBC	TBC
TOTAL	**349,081**	**0**	-349,081
Economy and Transport			
Bus Emergency Support	72,696	34,389	-38,307
TOTAL	**72,696**	**34,389**	**-38,307**
Health and Social Services			
Support for Social Care Workforce	45,000	0	-45,000
Childcare Provider Grant	4,500	0	-4,500
Child Development Fund	3,500	0	-3,500
Promote Family Stability and Relationship Quality	800	0	-800
Early Year Integration Transformation Programme - New Pathfinders	60	0	-60
TOTAL	**53,860**	**0**	**-53,860**
Education			
Accelerated Learning Programme (ALP)	16,588	11,849	-4,739
Additional Learning Needs COVID-19 Support Grant	8,800	0	-8,800
Local Authority Post-16 Education Provision 2020-21 Recruit, Recover, Raise Standards: Accelerating Learning Programme.	4,187	0	-4,187
Safe Operation of Schools (cleaning materials)	729	0	-729
Free School Meals[1]	0	23,300	23,300
TOTAL	**30,304**	**35,149**	**4,845**

Appendix 2

Portfolio and Covid19 Grant Name	2020-21 (£000)	2021-22 (£000)	Change (£000)
Environment, Energy and Rural Affairs			
Green Recovery Circular Economy Revenue Fund	5,500	0	-5,500
Smart Living COVID reconstruction challenges	385	0	-385
TOTAL	**5,885**	**0**	**-5,885**
Culture, Sport and Tourism			
Local Government Cultural Service Fund	2,700	TBC	TBC
Cultural Resilience Fund	700	TBC	TBC
TOTAL	**3,400**	**0**	**-3,400**
Deputy Minister and Chief Whip			
Violence against Women, Domestic Abuse & Sexual Violence Grant- Needs Based Covid 19 element	1,345	1,239	-106
TOTAL	**1,345**	**1,239**	**-106**
All Grants	**1,212,063**	**277,377**	**-934,686**
All Grants excluding TBC (for like-for like comparison)	**859,582**	**277,377**	**-582,205**

Revenue Pressures and Investments

Ref	Service area	2021/22	2022/23	2023/24
		£'000	£'000	£'000
ELLL11	Additional Learning Needs investment	430	500	500
ELLL14	Schools - increased pupil numbers	250	250	250
ELLL17	Out of county placements (inc transport)	87	0	0
ELLL21	Additional Teachers pay award to 3.1% Sept 2020 - schools	400	0	0
ELLL22	Additional Teachers pay award to 3.1% Sept 2020 - non schools	20	0	0
ELLL23	Free School Meals - increased provision following Covid19	315	0	0
ELLL24	Schools - Increased provision re Teaching Assistants	750	750	750
ELLL25	Domestic violence - 2 additional Posts - due to increased caseloads due to Covid and the need for resilience in the service. (originally included as CORP24 in draft proposals)	76	0	0
SSHH56	Children Services - Increase of 2 children in residential care	360	0	0
SSHH57	Adult Social Care above inflation increase	1,272	1,050	1,050
SSHH58	Additional dementia bed provision, ongoing cost of converting 10 beds to EMI	26	0	0
SSHH59	Homelessness - increased demand	200	0	0
SSHH60	Social Services increase in demand for services	250	0	0
ENVT26	Additional funds for LDP review for the period to 2024 - £224k available in LDP reserve	0	100	0
ENVT27	Waste services - increased demands due to higher tonnage	400	150	100
ENVT28	Highways and Streetcare budget increase	350	250	250
ENVT29	Asset Sponsorship Management Service - income below target threshold	15	0	0
ENVT30	Fixed costs funded out of Enabling Natural Resources and Wellbeing Grant	15	0	0
ENVT31	Decarbonisation Measures including staffing and maintenance of recharging points for electric vehicles	50	100	100

Revenue Pressures and Investments

Ref	Service area	2021/22	2022/23	2023/24
		£'000	£'000	£'000
ENVT32	Reduction in Car Parking income base budget due to ongoing impact of Covid	300	-150	-150
ENVT33	Reduction in Rental income base budget due to ongoing impact of Covid	250	-150	-100
ENVT34	Loss of red fuel grant following change in legislation	0	48	0
ENVT35	NNDR increase re Former Crown Building	79	0	0
ENVT36	Additional Town Centre Officers	70	0	0
ENVT37	Regeneration, Economic Development and Business Support additional capacity	100	100	0
CORP17	Housing Benefit Admin Subsidy Grant reductions	25	25	25
CORP19	Procurement Online Resources - Current Sell to Wales and e-tendering services possible end of WG payment delayed until 2022	0	40	0
CORP21	ICT Microsoft Licence - increased costs	50	0	0
CORP22	Procurement - full year impact from additional post provided in 2020 to manage increased Social Services and Environment contracts	5	0	0
CORP23	Local Government & Elections Act - 1 post built in to provide additional capacity. Further implications and impacts will be reviewed in year including web casting, cost of Peer Review process, CJC's/petitioning etc.	35	0	0
CORP25	Media additional posts - to improve service resilience and to deliver the service via different methods (currently funded from TTP grant)	35	35	0
CORP26	Increased cost requirements for architects and engineers (CAD) IT Design Licences	30	0	0
CORP27	IT Coordination administration - for external IT applications	50	0	0
CORP28	IT costs re automated process to carry out repetitive processing work	30	0	0
CORP29	Poverty data analysis and support	27	0	0
CORP30	Information Governance - additional member of staff to manage information governance and data protection work	47	0	0
CORP31	Land Charges - reduced income levels as a result of HMRC Tax Liability for Official Search Fees	25	0	0

Appendix 3

Revenue Pressures and Investments

Ref	Service area	2021/22	2022/23	2023/24
		£'000	£'000	£'000
CORP32	Legal Services - Data Protection Fee increase for Council and Registration Service as set by Information Commissioner's Office	5	0	0
CORP33	City Deal Property Legal Support	60	0	0
OTH009	New Green Book pay scale additional annual cost provision	250	250	0
CONT8	Council tax support - increase in claimants following COVID19	500	0	0
CONT1	General Contingency	0	3,000	3,000
CONT7	Capital financing costs re 21st Century Schools Band B investment	0	800	0
	Total	**7,239**	**7,148**	**5,775**

Revenue Pressures and Investments

Budget Pressures funded from Specific Reserves

Ref	Service area	2021/22	2022/23	Comment
		£'000	£'000	
ELLL25	Celtic Leisure - estimated additional costs prior to new contract operational in 2021	1,000	0	
ELLL26	Margam Park - loss of income due to Orangery being used as vaccination centre	279	0	Core staff and running costs
CORP34	Procurement - additional resources to manage Leisure, Margam Park and Waste contracts for 2 years	45	45	
CORP35	Safe & Well - 2 Posts to facilitate the service in 2021/22.	66	0	
CORP36	Information Governance - 3rd member of staff to work on audit of information governance and data protection work for 2 years	47	47	
CORP37	Local Government & Elections Act - 2 Posts plus cost of Peer Review process. More resources will be needed re Corporate Joint Committees (CJC's), petitioning etc. when the full implications of the legislation is known. Built in £35k into base for 1 post.	?		Fund from Reserve if no grant funding
CORP38	Web Casting of Council Meetings and associated tasks	?		Fund from Reserve if no grant funding
OTHER	TTP & Environmental Health officers - extension of contracts into 2021	?		Additional WG grant expected for Covid19 work
	Total from Corporate Contingency Reserve	**1,437**	**92**	The Reserve has an estimated balance of £2.221m at 31 March 2021

Revenue Pressures and Investments

Ref	Service area	2021/22	2022/23	Comment
		£'000	£'000	
ENVT38	One-off pressure to fund equipment delivery and literature for the roll-out of pilot absorbent hygiene product collection service	25		
ENVT39	One- off waste composition survey in preparation for May 2022 review	25		
ENVT40	Highways IT costs	14		
	Total from Environment Equalisation Reserve	**64**		The Reserve has an estimated balance of £317k at 31 March 2021
CORP39	Digital Services - Rewrite of Social Services system	100	100	
	Total from IT Renewals Reserve	**100**	**100**	The Reserve has an estimated balance of £761k at 31 March 2021

Ref	Board	Description	Lead	Main Impacts	Net Budget 2020/21	% Savings	2021/22 £000	2022/23 £000	2023/24 £000
ELLL 707	ES&C	Pontardawe Arts Centre - Reduce Subsidy	Andrew Thomas	Operating cost savings and increased income from establishing a cinema which has been further delayed due to Covid 19 with an updated opening date in 2022/23. Capital investment support successfully sought from the Arts Council for Wales, the Friends of Pontardawe Arts Centre and the Council.	180	50%	0	90	0
ELLL 1003	ES&C	Cleaning services	Chris Millis	Movement toward full cost recovery of cleaning service over a 3 year period from 2020/21, to be funded by schools.	226	49%	55	56	0
ELLL 1004	ES&C	School transport - out of county	Chris Millis	Pupils leaving out of county placements	268	11%	30	0	0
CORP 902	CAB	Reduce management cost – re former Assist. Chief Exec and Digital Services Division	Sheenagh Rees	Full year effect from 2020/21 of Management review following staff turnover.	8,197	0%	30	0	0

Ref	Board	Description	Lead	Main Impacts	Net Budget 2020/21	% Savings	2021/22 £000	2022/23 £000	2023/24 £000
CORP 903	CAB	Digital strategy - further transformation of customer services	Chief Digital Officer	Following success of the Digital strategy this has enabled further remodelling of customers to reflect a shift in customer volumes between face to face, online and telephone channels. This will mean a gradual reduction in face to face services. Automation of telephone calls at contact Centre Service leading to a reduction in the number of jobs. Continued since 2019.	568	4%	20	0	0
CORP 904	CAB	Income generation - info asset sponsorship - implementing the corporate communications and community relations strategy	Huw Jones	Income Generation and Digital Strategy - Introduce targeted sponsorship and advertising policy for the Council's information assets, based on ethically and commercially sound policy. The business case is being developed and is likely to require pump prime funding i.e. invest to save. Delayed due to Covid19 to 2022/23 on.	N/A	N/A	0	30	50
		Total					**135**	**176**	**50**

Description	Reserve at 1st April 2020 £000	Net Movements 2020/21 £000	Balance at 31 Mar 2021 £000	Net Movements 2021/22 £000	Balance at 31 Mar 2022 £000
EDUCATION, LEISURE & LIFELONG LEARNING					
Delegated Schools Cash Reserves					
ERVR Primary	Cr 8	Cr 0	Cr 8	1	Cr 7
Primary Schools Reserves	Cr 636	0	Cr 636	0	Cr 636
Secondary Schools Reserves	Cr 109	0	Cr 109	0	Cr 109
Special Schools Reserves	305	0	305	0	305
Middle Schools Reserves	1,074	0	1,074	0	1,074
Repairs and Maintenance Reserve	Cr 161	0	Cr 161	0	Cr 161
	465	Cr 0	465	1	466
Education, Leisure and Lifelong Learning					
Margam Discovery Centre - Building Maint'nce Res.	Cr 48	Cr 50	Cr 98	Cr 50	Cr 148
Equalisation Account - Education	Cr 1,373	18	Cr 1,354	0	Cr 1,354
Home to School Transport	Cr 111	0	Cr 111	0	Cr 111
	Cr 1,531	Cr 32	Cr 1,563	Cr 50	Cr 1,613
Total Education Leisure & Lifelong Learning	**Cr 1,066**	**Cr 32**	**Cr 1,098**	**Cr 49**	**Cr 1,147**
SOCIAL SERVICES, HEALTH & HOUSING					
Homecare ECM Equipment Reserve	Cr 73	Cr 10	Cr 83	Cr 10	Cr 93
Community Care Transformation Reserve	Cr 108	102	Cr 6	0	Cr 6
Social Services Equalisation	Cr 940	Cr 692	Cr 1,632	0	Cr 1,632
Hillside General Reserve	Cr 274	0	Cr 274	0	Cr 274
Youth Offending Service - Equalisation	Cr 153	0	Cr 153	0	Cr 153
Adoption Service	Cr 100	Cr 400	Cr 500	0	Cr 500
Total Social Services Health & Housing	**Cr 1,648**	**Cr 1,000**	**Cr 2,648**	**Cr 10**	**Cr 2,658**

Description	Reserve at 1st April 2020 £000	Net Movements 2020/21 £000	Balance at 31 Mar 2021 £000	Net Movements 2021/22 £000	Balance at 31 Mar 2022 £000
ENVIRONMENT					
Concessionary Fare - Bus Pass Replacement Reserve	Cr 152	0	Cr 152	60	Cr 92
Asset Recovery Incentive Scheme	Cr 126	0	Cr 126	38	Cr 88
Local Development Plan	Cr 181	Cr 43	Cr 224	50	Cr 174
Winter Maintenance Reserve	Cr 754	10	Cr 744	0	Cr 744
Baglan Bay Innovation Centre - Dilapidation Reserve	Cr 78	0	Cr 78	0	Cr 78
Renewable Energy Reserve	Cr 11	0	Cr 11	0	Cr 11
Environmental Health - Housing Equalisation	Cr 137	0	Cr 137	137	0
Workways NPT Reserve	Cr 159	0	Cr 159	0	Cr 159
Environment Equalisation Reserve	Cr 715	323	Cr 392	193	Cr 199
Former Crown Site Reserve	0	Cr 312	Cr 312	32	Cr 280
Operating Accounts Equalisation	Cr 36	0	Cr 36	0	Cr 36
Vehicle Tracking	Cr 92	47	Cr 45	0	Cr 45
Operating Accounts -Vehicle Renewals	Cr 1,906	149	Cr 1,757	Cr 844	Cr 2,601
Total Environment	**Cr 4,347**	**173**	**Cr 4,173**	**Cr 334**	**Cr 4,507**
FINANCE AND CORPORATE SERVICES					
Elections Equalisation Fund	Cr 240	Cr 15	Cr 255	Cr 15	Cr 270
Health & Safety / Occupational Health	Cr 41	0	Cr 41	0	Cr 41
Development Fund for Modernisation	Cr 115	0	Cr 115	0	Cr 115
IT Renewals Fund	Cr 843	245	Cr 598	315	Cr 283
Corporate Equalisation Reserve	Cr 535	248	Cr 287	134	Cr 154
Building Capacity	Cr 197	20	Cr 177	139	Cr 38

Description	Reserve at 1st April 2020 £000	Net Movements 2020/21 £000	Balance at 31 Mar 2021 £000	Net Movements 2021/22 £000	Balance at 31 Mar 2022 £000
Voluntary Organisations Reserve	Cr 13	0	Cr 13	0	Cr 13
Total Finance and Corporate Services	**Cr 1,984**	**498**	**Cr 1,486**	**573**	**Cr 913**
COUNCIL RESERVES					
Insurance Reserve	Cr 6,651	0	Cr 6,651	0	Cr 6,651
Swansea Bay City Deal	Cr 113	0	Cr 113	113	0
Income Generation Reserve	Cr 654	104	Cr 550	77	Cr 473
Member Community Fund	Cr 391	Cr 100	Cr 491	0	Cr 491
Community Resilience Fund	Cr 2,000	0	Cr 2,000	0	Cr 2,000
Housing Warranties	Cr 220	0	Cr 220	0	Cr 220
Pantteg Landslip Reserve	Cr 500	0	Cr 500	0	Cr 500
Waste Reserve	Cr 393	0	Cr 393	0	Cr 393
LAWDC Contingency Reserve	Cr 1,012	0	Cr 1,012	0	Cr 1,013
Schools IT Equalisation (HWB)	Cr 250	Cr 150	Cr 400	0	Cr 400
Corporate Contingency	Cr 2,269	28	Cr 2,241	1,437	Cr 804
Treasury Management Equalisation Reserve	Cr 7,639	0	Cr 7,639	Cr 239	Cr 7,878
ERVR - Transitional Reserve	Cr 4,536	218	Cr 4,318	0	Cr 4,318
Accommodation Strategy	Cr 2,274	250	Cr 2,024	0	Cr 2,024
Total Council Reserves	**Cr 28,902**	**350**	**Cr 28,552**	**1,388**	**Cr 27,165**
JOINT COMMITTEES					
Workways Regional Reserve	Cr 93	0	Cr 93	0	Cr 93
Environment Legacy Reserve (SWTRA)	Cr 60	0	Cr 60	0	Cr 60
Substance Misuse Area Planning Board	Cr 41	0	Cr 41	0	Cr 41
Regional Safeguarding Board Reserve	Cr 92	0	Cr 92	0	Cr 92

Description	Reserve at 1st April 2020 £000	Net Movements 2020/21 £000	Balance at 31 Mar 2021 £000	Net Movements 2021/22 £000	Balance at 31 Mar 2022 £000
Social Services - Intermediate Care Pooled Fund	Cr 28	0	Cr 28	0	Cr 28
Total Joint Committee Reserves	**Cr 314**	**0**	**Cr 314**	**0**	**Cr 314**
TOTAL ALL REVENUE RESERVES	**Cr 38,261**	**Cr 10**	**Cr 38,271**	**1,568**	**Cr 36,704**

General Reserve

Appendix 6

	Original 2020/21	Revised 2020/21	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
Opening balance 1st April	**Cr 19,128**	**Cr 19,921**	**Cr 19,845**	**Cr 16,860**	**Cr 17,285**	**Cr 17,720**
Council Tax increased income	Cr 1,300	Cr 1,300	Cr 1,000	Cr 1,000	Cr 1,000	Cr 1,000
Capital - Phase II Accommodation financing costs	170	170	160	150	140	130
Doubtful Debt Provision	200	200	200	200	200	200
Contributions to the Economic Development Fund	200	200	200	200	200	200
Community Councils Grant Scheme	25	46	25	25	25	25
Transfer to Members Community Fund Reserve	300	300	300	0	0	0
Contribution to revenue budget	1,650	460	3,100	0	0	0
Estimated Closing balance 31st March	**Cr 17,883**	**Cr 19,845**	**Cr 16,860**	**Cr 17,285**	**Cr 17,720**	**Cr 18,165**

Appendix 7

INTEGRATED IMPACT ASSESSMENT (IIA)

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

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

1. Details of the initiative

	Title of the Initiative: Budget 2021/2022
1a	**Service Area:** Services as identifed across the directorates
1b	**Directorate:** All
1c	**Summary of the initiative:** This Integrated Impact Assessment relates to the Council's budget proposals for 2021/22. The Draft Budget proposals included proposals to invest £7.7m in services, confirmation of the savings approved for next year at last year's Council meeting of 6 March 2020, an increase in Council Tax of 3.75% and the use of General Reserves of £3.1m. The Council is legally required to produce a balance budget. In setting its budget the Council utilises funding received via the financial settlement from the Welsh Government including share of Non Domestic Rates, additional grants for specific service areas along with income from council tax.

	Investing significantly in services which protect the most vulnerable within the County Borough, as reflected in the Council's wellbeing objectives, has been a top priority for the Council over recent years and 2021/22 is no different. The Council's budget settlement from the Welsh Government for 2021/22 was the second above inflation settlement since 2007/08 and shows an increase of +4.2%. Despite this improved settlement the Council still needs to make savings of £0.135m, use £3.1m of its Reserves and increase Council Tax by a proposed 3.75% in order to produce a balanced budget. The budget proposals for 2021/22 include savings/income generation strategies totalling £135k. These have already been the subject of consultation and scrutiny as part of the 2020/21 budget setting proposal but have been updated for timing or changes in value. They are not included as part of this assessment. The final Budget report proposes a net Budget of £316.246m with the only change from the original draft proposals being a reduction in the council tax increase from 3.75% to 2.75% with a corresponding decrease of £778k in the contingency budget.
1d	**Who will be directly affected by this initiative?** Residents of Neath Port Talbot.
1e	**When and how were people consulted?** Due to the ongoing Coronavirus Pandemic consultation took place online only. The consultation was promoted via the Council website and various social media channels. Consultees were asked to

	complete an on line questionnaire, in addition any responses received via letter or email were also considered. The consultation period commenced on 13th January 2021 and ended on 12th February 2021. A separate briefing was held with Trade Unions in order to provide clarification on the proposals.
1f	**What were the outcomes of the consultation?** There were 1,069 on line responses received to the consultation. In addition written correspondence via email was received from one individual and one organisation were also received. In addition various comments were made on social media which are not counted in the above numbers. It should be noted that any responses made via social media channels were directed to the link to the online consultation. The majority of comments received related to the proposal to increase Council Tax by 3.75%. Of all respondents completing the equalities questions: • **55% of respondents were women, one respondent identified as transgender** • **89% of respondents were from a White British background** • **79% of respondents identified as being Welsh** • **14% of respondents considered they had a disability** • **46% of respondents stated they had no religion** • **64%of respondents had little or no knowledge of Welsh while 4% were fluent/fairly fluent Welsh speakers/ writers/readers** 94% respondents disagreed with the proposal to increase Council Tax.

The reasons consultees disagreed with the proposal to raise Council Tax can be generally grouped into a number of themes:

- They/others can't afford it/ people are struggling/ job losses/ effects of pandemic/ furlough pay cuts etc.
- Council Tax in NPT is already too high / amongst highest in Wales
- They feel they don't get good services for what they already pay / criticism of council services
- The rise is higher than people's pay rises will be
- Some respondents are paying management fees/service charges in addition to council tax
- The increase is above inflation
- Suggestions that Council staff pay/Councillors' pay or expenses should be cut instead
- Respondents understand the council needs to save money but think it shouldn't be through council tax
- A feeling that services had been reduced or stopped in 2020 so why should they pay more for them
- Comments that the Council has saved money by staff working from home
- Feeling that other areas with lower council tax have better services
- Suggestion that Reserves should be used to avoid Council tax Increase
- Businesses have been supported, householders should be too

	Changes to original proposals As a result of the consultation responses received and feedback from Scrutiny Committee Meetings the following change to the original proposals have been made: Council Tax Increase – The final proposal is for a Council Tax increase of 2.75% reduced from the original proposed 3.75%.

2. Evidence

What evidence was used in assessing the initiative?
Service areas collect and more importantly utilise data on service users as part of the ongoing development and delivery of individual services. In addition to the number of people using the service other relevant information such as age, sex, disability, etc., is also collected which in turn informs policy development and service provision. Information is collected through a variety of methods ranging from application forms and reviews, to satisfaction surveys and consultations. Census 2011 information remains the most comprehensive data for Neath Port Talbot. Please see details attached.

INTEGRATED IMPACT ASSESSMENT (IIA)

3. Equalities

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

Protected Characteristic	**Why will it have this impact?**
Age Disability Gender reassignment Marriage & civil partnership Pregnancy and maternity Race Religion or belief Sex Sexual orientation	The legal requirement to set a balanced budget has again been tested. Although the budget settlement for 2021/22 was better than anticipated there remains a gap of £3.235m between funds available to the Council for 2021/22 and the estimates that the Council need to spend. In addition the budget proposes new investment of £7.739m in various services. Although the Council continues to look to protect those most vulnerable within the community it is becoming more challenging. The Council is committed to prioritising investment in schools and educating children by increasing its investment in schools as demonstrated by a 3.52% increase in the Delegated Budgets for Schools. An increase in funding for other Education Leisure and Lifelong Learning Services will help to protect services to vulnerable families and children through the provision of additional support for learners as well as funding increased capacity following the roll out of the Additional Learning Needs Legislation. Investment in children's and adult social services, including additional monies from Welsh Government specific grants will continue to support people with learning disabilities and general provision towards care package costs. This investment will improve service provision to children and the elderly. Any specific changes to services will be the subject of separate impact assessments.

	Positive impacts are likely with timely and effective interventions in relation to social services allowing potential service users to identify and access community provision to meet their needs at an earlier stage. This could help extend an individual's independence and reduce social isolation while delaying access to social services. The impacts of the proposed council tax increase is likely to be felt by all households across the County Borough. However, the Council Tax support scheme with a budget of £19.835m will continue to provide support to 17,500 of the most financially disadvantaged council tax payers so helping to alleviate any negative impact. An additional £500k has been provided within the 2021/22 budget to further supplement this area. This package of council tax support will be available to all taxpayers including those with protected characteristics in line with the universal Council Tax Reduction Scheme, established by the Welsh Government, and implemented by all Councils in Wales. **Post Consultation** The main impact identified by respondents related to the affordability and perceived value for money of a 3.75% increase in Council Tax. The draft budget consultation included a proposed Council Tax increase of 3.75%. Having taken account of the consultation responses the final proposals now include a reduction in the Council Tax increase at 2.75%.

What action will be taken to improve positive or mitigate negative impacts?
Officers will monitor the response to the proposal to increase Council Tax by 3.75% and provide feedback to elected members in the final report.

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

Public Sector Equality Duty (PSED)	**Why will it have this impact?**
To eliminate discrimination, harassment and victimisation To advance equality of opportunity between different groups To foster good relations between different groups	The Council continues to be aware of its position as employer, provider and commissioner of services and to this end strives to ensure its ability to meet its legal obligations. To this end the identification of budget reductions over the longer term as well as necessitating the need to work smarter has been incorporated into the Council's day to day work as well as its long term plans and strategies, both on an individual basis and in partnership. The Council is responsible for delivering a wide range of services to people across the County Borough. During 2020/21 the impact of Covid19 has affected all aspects of our community and services. These include educating our children, caring for the

	elderly and vulnerable, maintaining our infrastructure, waste collection and disposal, providing monies to families entitled to free school meals and grants to businesses. These are just some examples of traditional and new services that the Council has delivered over that past year and into 2021/22. Access to some services such as Social Care Day and Respite services, Environmental Health, Trading Standards, conducting Marriage Services etc. have been reduced but will return as the Government reduces restrictions and economic recovery commences.

What action will be taken to improve positive or mitigate negative impacts?
Officers will monitor the response to the proposal to increase Council Tax by 3.75% and provide feedback to elected members.

4. Community Cohesion/Social Exclusion/Poverty

	Why will it have this impact?
Community Cohesion	Whilst it is unlikely that the proposals will in themselves have significant impact on community cohesion in the short term there is a likelihood that long term impacts could be possible with changes to services.
Social Exclusion	Whilst it is unlikely that the proposals will in themselves have significant impact on social exclusion in the short term there is a likelihood that long term impacts could be possible with changes to services.

INTEGRATED IMPACT ASSESSMENT (IIA)

Poverty	Research studies previously conducted by Sheffield Hallam University demonstrate that areas within the county borough are disproportionately and negatively affected by the UK Government's welfare benefits changes and this continues to be the case. The Council's Wellbeing Objectives aim to help improve the wellbeing of children, young people and adults as well as the general wellbeing of the area by developing the local economy and environment and consequently the Council continues to work in partnership to mitigate the impact of the welfare benefit changes and ongoing budgetary uncertainty. The Council continues to work on an anti-poverty agenda including: **Anti-poverty strategy** -development of a multi-agency strategy to outline what needs to be done to improve the lives of those living on a low income in Neath Port Talbot. **Free School Meals payments to families** – Throughout school closures during the Coronavirus pandemic the Council has -paid £19.50 per week directly into the bank accounts of parents with children eligible for free school meals.

INTEGRATED IMPACT ASSESSMENT (IIA)

What action will be taken to improve positive or mitigate negative impacts?
Officers will monitor the response to the proposal to increase Council Tax by 3.75% and provide feedback to elected members.

5. Welsh

	+	-	+/-	**Why will it have this effect?**
What effect does the initiative have on: – **people's opportunities to use the Welsh language**		✓		The Council currently has relatively small numbers of staff with Welsh language skills. Opportunities for staff to use their language skills will continue to be promoted and training will continue to be made available.
– **treating the Welsh and English languages equally**	✓			The Council is committed to the principles as embodied in the Welsh Language Measure (2015) and the standards in particular will continue so that the Welsh language is treated no less favourably than the English language

What action will be taken to improve positive or mitigate negative impacts?
Officers will monitor the response to the proposal to increase Council Tax by 3.75% and provide feedback to elected members.

6. Biodiversity

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

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

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

7. Wellbeing of Future Generations

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

Ways of Working	Details
i. **Long term –** looking at least 10 years (and up to 25 years) ahead	The current budget proposals have been prepared during a Coronavirus pandemic. Work will commence during Spring 2021 to prepare a medium term financial plan to cover the period 2022/23 to 2024/2025 to show affordability and sustainability in the decision making process. This medium term financial plan will be aligned with a new Corporate Plan which will detail Council priorities in the short, medium and long term. It is impossible to predict budgets for the longer term particularly with unknown National and Welsh Government funding levels.

INTEGRATED IMPACT ASSESSMENT (IIA)

ii. **Prevention** – preventing problems occurring or getting worse	Proposals have been developed to help prevent intensifying current financial issues in the future. By preparing a medium term budget outlook the Council is mindful of the need to deliver statutory functions as well as considering its wider service provision which contribute to the wellbeing of its citizens. Proposals include protection for some services that enable early intervention and prevention activities that reduce demand on public services whilst promoting wellbeing, for example in social services.
iii. **Collaboration –** working with other services internal or external	Preparation of a new Corporate Plan and Medium Term Financial plan will include collaboration with partners. During the Coronavirus pandemic the Council has effectively partnered with a wide variety of organisations and future plans will build on these relationships.
iv. **Involvement –** involving people, ensuring they reflect the diversity of the population	There has been limited involvement of people in preparing the budget proposals as a result of the Coronavirus pandemic. The consultation has been communicated as widely as possible which has resulted in over 1,000 responses received.
v. Integration – making connections to maximise contribution to: **Council's wellbeing objectives**	Additional funding has been provided to a number of service areas which are reflected in the Council's well-being objectives; to improve the well-being of children and young people; to improve the well-being of all adults who live in the county borough and to develop the local economy and environment so that the well-being of people can be improved. The financial settlement and the specific grants that underpin Council services are key to the delivery of the Council's wellbeing objectives thereby having a positive impact.

	The proposals will help ensure the business of the Council is managed to maximise the long term benefit for the citizens of Neath Port Talbot (the crosscutting objective relating to governance and resources).
Other public bodies objectives	It is possible to demonstrate the alignment between the Council's Corporate Plan, the Public Services Board Plan and other key planning arrangements which will ensure a more holistic approach to improving outcomes over the lifetime of all plans.

9. Monitoring Arrangements

Provide information on the monitoring arrangements to:
Monitor the impact of the initiative on Equalities, Community Cohesion, the Welsh Measure, Biodiversity Duty and the Wellbeing Objectives.

Officers will monitor the response to the proposal to increase Council Tax by 3.75% and provide feedback to elected members. The most financially disadvantaged council taxpayers will receive financial support to pay their Council Tax. Some 12,500 receive full support to pay their council tax with a further 5,000 receiving partial support. As a consequence of Covid19 an additional £500,000 has been added to the 2021/22 Council Tax Support Budget to meet increased demand.

10. Assessment Conclusions

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

INTEGRATED IMPACT ASSESSMENT (IIA)

	Conclusion
Equalities	There are positive impacts in relation to the early intervention and prevention work in social services predominantly for older and disabled people. There are also positive impacts arising from an increase to the schools delegate budget of 3.52% An increase in Council Tax will have a negative financial impact on all households in the County Borough. This has been mitigated by a reduction in the proposed Council Tax increase from 3.75% to 2.75%. Also, by including an additional £500k funding for the Council Tax support scheme this supports those people who are most financially disadvantaged.
Welsh	The budget proposals do not include any reductions in staff numbers so there should be limited impact on the Welsh language. Opportunities remain for staff to use their language skills will and further training will be made available and promoted.
Bio	There is no clear route to demonstrate either positive or negative impact on biodiversity or the resilience of ecosystems.
WBFG	The Council has worked hard to strike the right balance in its budget proposals for 2021/22 given the fact that we find ourselves in a global pandemic. This has included increases in funding for some services that enable early intervention and prevention activities that reduce demand on public services whilst promoting wellbeing; protection for integrated services that have been established to deliver more joined up services for citizens; protection for services that have a long term impact on sustainability; and protection for key collaborative arrangements. The areas that have received additional funding are reflected in the three Well-being objectives that the Council has set.

INTEGRATED IMPACT ASSESSMENT (IIA)

Overall Conclusion

The Council has ensured that its consultation has been available to the widest range of people taking into account the Coronavirus pandemic.

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

Given the relatively small amount of savings required for 2021/22 it was considered that there would not be any significant impact for the general population or for those who share protected characteristics. This was borne out by the feedback received during the consultation period.

As stated previously, the proposed increase in council tax was identified as being the main concern for most respondents (on financial grounds) and following consideration, this, along with some other proposals, have been amended. Following the consultation process the proposed increase in Council Tax has been reduced from 3.75% to 2.75%.

In 2021/22 the Council will be investing £460m gross and £316.6m net in services across the County Borough. In order to balance the budget it has had to reduce its Service Budgets by £135k, proposing to use £3.1m from General Reserves and increase Council Tax by 2.75%.

INTEGRATED IMPACT ASSESSMENT (IIA)

11. Actions

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

Action	Who will be responsible for seeing it is done?	When will it be done by?	How will we know we have achieved our objective?
Undertake public consultation on draft budget proposals	Director of Finance and Corporate Services	Between 13th January 2021 and 12th February 2021	• Consultation responses received
Consider consultation responses and amend proposals where appropriate	Senior Management Teams	During and at the conclusion of the consultation	• Revised budget report, including any proposed amendments, for consideration at Cabinet, Cabinet Scrutiny and Council

Neath Port Talbot 2011 Census Summary Factsheet

1 Resident population

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

2 Resident population age structure

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

3 Ethnic group population

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

4 Religion

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

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

	No.	*%*
People with LLTI (Lot & little)	39,112	28.0
General Health		
Very good/good	102,543	73.4
Fair	22,640	16.2
Very bad/bad	14,629	10.5

6 Residents in communal establishments

	No.	*%*
Total	1,130	0.8

7 Households

	60,393

8 Central heating (households

No central heating	674

9 Dwellings

Total number of dwellings	63,978

10 Household and family types %

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

11 Housing tenure

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

12 Household spaces

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

13 Dwelling type %

Whole house or bungalow	89.2
Flat, maisonette or apartment	10.6

14 Car ownership %

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

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

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

***i.e. economic-activity rate*

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

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

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

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

18 Employed residents

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

19 Weekly hours worked (main job) %

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

20 Self-employed

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

21 Qualified residents (% of all aged 16+)

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

22 National identity

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

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

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

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

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

25 Welsh Language skills %

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

Notes

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

CONSULTATION SUMMARY

PUBLIC CONSULTATION ON COUNCIL'S DRAFT BUDGET SETTING PROCESS 2021/22

Background

On 13th January 2021, Cabinet authorised officers to consult members of the public and other stakeholders on the Draft Budget for 2021/22 inclusive of a proposal to increase Council Tax by 3.75%.

The report highlighted the need to make savings of £135k which had already been consulted on and approved as part of the 2020/21 budget setting process. The report also included a proposal to use £3.1m from general reserves to balance the 2021/22 budget.

Introduction

Due to the Coronavirus pandemic consultation in relation to the 2021/22 budget was restricted to online only. The consultation was promoted on the Council's website and its social media channels.

Consultation objectives

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

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

Public consultation – methodology

The following methods were used:

- **Online** - a self-completion questionnaire was published on the Council's website. Respondents were not asked to identify themselves, but were asked to indicate why they were interested in the Council's Budget setting process and their postcode. The questionnaire was live from January 13th 2021 until 12th February 2021.

- **Corporate social media accounts** – during the consultation a number of posts were published on the Council's corporate Twitter (@NPTCouncil and @CyngorCnPT) and Facebook Neath (Port Talbot CBC and Cyngor Castell-nedd Port Talbot) accounts to raise awareness of the consultation and encourage people to respond. These posts were monitored for comments on the draft budget proposals.

The consultation was promoted via:

- The Council website homepage – via the 'top tasks' and 'top visited' areas and a dedicated web page
- The Council's corporate social media accounts
- Press coverage generated by cabinet reports and press releases

Public Consultation Responses - Questionnaires

A total of 1,069 completed questionnaires were received during the consultation period. Of these 1,068 were completed in English and 1 in Welsh.

About the respondents

Of the 1,069 responses:

- 1,060 stated that they live in Neath Port Talbot
- 163 stated that they use services provided by Neath Port Talbot Council
- 163 stated that they work in Neath Port Talbot
- 37 stated that they are a volunteer in Neath Port Talbot
- 59 stated that they work for Neath Port Talbot Council

- 44 stated that they are a carer
- 60 stated other reasons for being interested in the Council's budget setting process

(NB. for this question respondents were asked to select all of the categories that applied to them, some selected more than one answer, therefore the number of responses is greater than the number of respondents)

The geographical spread of respondents was:

- Neath – 574 respondents
- Port Talbot – 219 respondents
- Dulais Valley – 63 respondents
- Swansea Valley – 63 respondents
- Neath Valley – 62 respondents
- Afan Valley – 49 respondents
- Other / Did not respond - 39

The age profile of the respondents is shown below:

- 16-24 - 34 respondents
- 25-29 - 117 respondents
- 30-39 - 360 respondents
- 40-49 - 218 respondents
- 50-59 - 148 respondents
- 60-74 - 113 respondents
- 75-85 - 5 respondents
- Prefer not to say / did not respond - 74 respondents

Consultees were asked the following questions:

How do you feel about the proposal to increase Council Tax by 3.75%?

Responses were as follows:

Strongly disagree – 88%
Disagree – 6%
Neither agree nor disagree – 2%
Agree – 2%

Strongly agree – 2%

Respondents who disagreed/strongly disagreed provided over 900 comments, some of the general themes were:

- They/others can't afford it/ people are struggling/ job losses/ effects of pandemic/ furlough pay cuts etc.
- Council Tax in NPT is already too high / amongst highest in Wales
- They feel they don't get good services for what they already pay / dissatisfaction with quality of some council services
- The rise is higher than people's pay rises will be
- Some respondents are paying management fees/service charges in addition to council tax
- The increase is above inflation
- Suggestions that Council staff pay/Councillors' pay or expenses should be cut instead
- Respondents understand the council needs to save money but think it shouldn't be through council tax
- A feeling that services had been reduced or stopped in 2020 so why should they pay more for them
- Comments that the Council has saved money by staff working from home
- Perception that other areas with lower council tax have better services
- Suggestion that Reserves should be used to avoid Council tax increase
- Businesses have been supported, householders should be too

Respondents who agreed/strongly agreed did so because:

- Money is needed to keep services going/maintain services
- Increase is inevitable right now.
- To guard against the negative implications of Brexit/climate change/Covid.
- Likely reduction in Welsh government funding in the future so need local taxes to support local spending
- Other councils putting up by similar percentage
- It's not a huge increase amount
- Financial spending at its highest in the 2020/2021 financial year, so expected that taxes will have to be raised.
- Exemptions available for those who cannot afford it

- Need to improve NPT revenue to make the shortfall up
- Neath Council has helped my business through Covid
- Have to invest now more than ever.
- It's only right that people share the financial burden and contribute.
- Don’t people to lose their jobs

If the proposal to increase Council Tax by 3.75% was implemented, would it have any impacts (either positive or negative) on you, your relatives/friends?

900 responses were received to this questions, the top themes were:

- Negative financial impact
- Less money to buy essentials
- Income already reduced
- Already struggle to pay
- Will cause stress/pressure
- Would have less money to pay other bills
- Already high for single occupants
- Would have to sell my house
- People are losing jobs
- Already paying more in household bills due to working from home
- Could lose my home
- Less money for food
- Another blow after a hard/terrible year

How do you feel about the proposal to use £3.1m from General Reserves?

Responses were as follows:
Strongly agree - 27%
Agree - 27%
Neither agree nor disagree - 23%
Strongly disagree - 9%
Disagree - 7%
Don't know 7%

The main reasons why respondents agreed were:

- Use reserves instead of increasing Council tax
- Because everyone is struggling due to the pandemic

- Pandemic is a 'rainy day'
- Use it to benefit people/communities
- It's our money let's use it,

Public Consultation Responses – Letters and Emails

Two responses were received via e-mail in response to the consultation.

One contained a number of suggestions regarding the proposed income generation strategy for Pontardawe Arts Centre. This proposal has however been consulted on and agreed as part of the 2020/21 budget setting process and the draft proposal shows that its implementation has been delayed to 2022/23 in line with the projected opening of a cinema which will generate additional income.

The second response was from an individual living within the County Borough who expressed opposition to the proposed 3.75% Council Tax increase. The response quoted a number of the reasons outlined in the 'disagree/strongly disagree' responses to the questionnaire.

Public Consultation – Social Media Comments

Of the comments made on posts about the budget consultation, the main issue raised via Facebook was the level of Council Tax in Neath Port Talbot and opposition to the proposed 3.75% increase.

Consultation with other stakeholders

To ensure that the consultation was accessible to as many stakeholders as possible, it was raised as an agenda item at a number of Council meetings, forums and groups, including:

- Cabinet scrutiny committee, 3rd February 2021
- Education, Skills and Culture scrutiny committee, 21st January 2021
- Regeneration and Sustainable Development scrutiny committee, 5th February 2021
- Streetscene and Engineering scrutiny committee, 22nd January 2021
- Social Care, Health & Wellbeing scrutiny committee, 28th January 2021

A councillor also submitted a number of questions and points in relation to the draft Budget. These were discussed within the above mentioned scrutiny meetings.

Petitions

An online petition was launched via the website ‘change.org’ calling for ‘a full independent review of Council Tax rates’. As at the closing date of the consultation period 2,317 people had signed the petition.

Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

Report of the Director of Finance and Corporate Services

8th March 2021

SECTION A – MATTERS FOR DECISION

WARDS AFFECTED: ALL

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

Purpose of Report

1. This report sets out the Council's Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy for 2021/22.

2. Treasury Management is defined as:
   "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

Introduction

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

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

Reporting Requirements

5. The Council is required to receive and approve, as a minimum, three main reports each year, which incorporates a variety of policies, estimates and actuals; details of which are outlined below.

6. Prudential and Treasury Indicators and Treasury Strategy (this report)

   The first and most important report covers:

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

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

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

8. An Annual Treasury Report

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

Scrutiny Arrangements

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

Treasury Management Strategy for 2021/22

10. The strategy for 2021/22 covers two main areas

Capital issues

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

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

11. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Welsh Government MRP Guidance, the CIPFA Treasury Management Code and Welsh Government Investment Guidance

Capital Prudential Indicators

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

	2019/20 Actual £'000	2020/21 Revised £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Capital expenditure	39,131	65,387	80,170	17,885	13,208
Resourced by:					
Capital receipts	0	964	3,161	0	0
Grants & contributions	24,684	45,602	51,789	9,201	5,765
Reserves & DRF *	182	2,815	1,692	1,020	300
Borrowing	14,265	16,006	23,528	7,664	7,143

NB * DRF means Direct Revenue Financing

13. The Capital Financing Requirement (CFR)

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

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

CFR	2019/20 Actual £'000	2020/21 Revised £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Opening Balance	338,618	358,420	364,080	377,268	374,065
Add:					
Expenditure to be funded by borrowing	14,265	16,006	23,528	7,664	7,143
Less: Minimum Revenue Prov. (MRP)	(10,009)	(10,346)	(10,340)	(10,867)	(11,352)
Est. Closing Balance	342,874	364,080	377,268	374,065	369,856

Treasury Management Prudential Indicators

14. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity and the Council's capital strategy.

15. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

16. The Council's treasury portfolio position at 31st March 2020 comprised:

Table 1		**Principal**	
Borrowing		**£m**	**£m**
Fixed rate funding	PWLB	241,804	
	Market	62,500	
	Other	3,568	
		307,872	
Variable rate funding		0	
		307,872	
Other long term liabilities			0
Gross Debt			**307,872**
Total investments			**61,100**

17. Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the Capital Financing Requirement.

18. The Council has complied with this prudential indicator in the current year and there is no indication that it will not do so in future as detailed below:

	2019/20 Actual £'000	2020/21 Revised Estimate £'000	2021/22 Original Estimate £'000	2022/23 Original Estimate £'000	2023/24 Original Estimate £'000
Actual gross debt at 31st March	307,872	299,148	298,147	277,996	271,352
Capital Financing Requirement (CFR)	342,874	364,080	377,268	374,065	369,856
Under / (over) borrowed	35,002	64,932	79,121	96,069	98,504

Treasury Indicators: Limits relating to borrowing

19. The Operational Boundary

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

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Operational Boundary	394,080	407,268	404,065	399,856

20. The Authorised Limit

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

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

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Authorised Limit	414,080	427,268	424,065	419,856

21. Upper limits on fixed and variable interest rate exposure

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

	2020/21 to 2023/24 £'000
Upper Limit on Fixed Interest Rate Exposure	427,268
Lower Limit on Fixed Interest Rate Exposure	
Upper Limit on Variable Interest Rate Exposure	213,634
Lower Limit on Variable Interest rate Exposure	0

22. Maturity structure of borrowing

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

Maturity Structure of Fixed Rate Borrowing	2021/22 Estimate %	Upper Limit %	Lower Limit %
Under 12 months	1	15	0
12 months to 2 years	10	15	0
2 to 5 years	3	40	0
5 to 10 years	0	60	0
10 years +	86	100	15

Prospects for Interest Rates

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

	Dec20	Mar21	Jun21	Sep21	Dec21	Mar22	Jun22
Bank Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
5 yr PWLB	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%
10 yr PWLB	1.10%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%
25 yr PWLB	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%
50 yr PWLB	1.30%	1.30%	1.40%	1.40%	1.40%	1.40%	1.50%

Borrowing Strategy

24. The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However this strategy can only be used as a short term measure therefore consideration will be given to entering into external borrowing during 2021/22.

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

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

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

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

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

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

28. Members should note that to date during 2020/21the Council has not taken any new borrowing. It should also be noted that during the year the Council repaid £9.2m of principal repayments to the PWLB.

29. Going forward it is not anticipated that the Council can meet its borrowing requirement from internal balances. It is proposed that Council Officers monitor the cost of external borrowing and if considered necessary externalise the 2021/22 borrowing requirement during the financial year if considered advantageous to do so.

Policy on Borrowing in Advance of Need

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

Debt Rescheduling

31. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

32. The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings,
- helping to fulfil this Treasury Management Strategy, and
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

33. Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

34. No rescheduling is anticipated in 2021/22. If rescheduling does take place it will be reported to the Cabinet Board, at the earliest meeting following its action.

Annual Investment Strategy

35. The Council's investment policy has regard to the Welsh Government's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code"). The Council's investment priorities will be security first, portfolio liquidity second, then return.

36. In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using Link's ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

37. Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.

38. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

39. The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

40. The intention of the strategy is to provide security of investment and minimisation of risk.

41. Investment instruments identified for use in the financial year are listed in Appendix 2 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices Schedules.

Creditworthiness Policy

42. The Council receives creditworthiness information from Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

    - credit watches and credit outlooks from credit rating agencies
    - Credit Default Swop (CDS) spreads to give early warning of likely changes in credit ratings
    - sovereign ratings to select counterparties from only the most creditworthy countries

43. All credit ratings are monitored on a daily basis**.** The Council is alerted to changes to ratings of money market organisations as announced by all three agencies through its use of the Link's creditworthiness service.

    - If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

44. Council Officers are able to use this creditworthiness information to help support their decision making processes along with other market information and data available.

45. The approved investment criteria are detailed in Appendix 2 of this report and have not changed from those previously approved by Members.

Country Limits

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

Investment Strategy

47. **In-house funds***:* The Council currently manages its surplus funds in-house. The core balance, available for strategic investment is estimated to be in the region of £25m. The remaining cash balances are mainly cash flow derived and available for short term investment only.

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

Investment return projections.

49. Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.

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

- 2020/21 0.10%
- 2021/22 0.10%
- 2022/23 0.10%
- 2023/24 0.10%
- 2024/25 0.25%
- Later years 2.00%

51. The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected by the deal the UK agreed as part of Brexit.

52. There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK

Investments greater then 365 days

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

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

End of Year Investment Report

55. Members will receive a report on the actual 2020/21 investment activity as part of the Annual Treasury Report by 30th September 2021.

Policy on the Use of External Service Providers

56. The Council uses Link Asset Services as its external treasury management advisers. The Council's previous contract was with Capita Asset Services but this business was purchased by Link Asset Services during 2017/18. Our current contract ends 30th June 2022.

57. The Council recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

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

Role of the Section 151 Officer

59. The Director of Finance and Corporate Services is the designated Section 151 Officer for the Council. The specific responsibilities of the S151 Officer are set out below:

- to recommend treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommend the appointment of external service providers.

Minimum Revenue Provision

Introduction

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

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

Minimum Revenue Provision Policy Statement 2021/22

The Council's MRP policy for 2021/22 is detailed below:

MRP Policy – Supported Borrowing

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

MRP Policy – Prudential Borrowing

63. Expenditure will be subject to MRP on the basis of asset life and using the equal annual instalment or annuity methods as appropriate.

64. Estimated life periods will be determined by the Director of Finance and Corporate Services under delegated powers. To the extent that expenditure is not on the creation of an asset e.g. computer software and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

65. Where some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be

assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure, as determined by the Director of Finance.

66. Where the Council provides capital funding to a third party the MRP charge will be calculated as if the Council incurred the capital expenditure itself i.e. over the expected life of the asset.

67. The Council will apply the Minimum Revenue Provision to the accounts in the financial year following which the asset becomes operational.

Affordability Prudential Indicators

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

Ratio of financing costs to net revenue stream

	2019/20 Actual	2020/21 Revised Estimate	2021/22 Original Estimate	2022/23 Original Estimate
Financing Cost / Net Revenue	7.04%	6.84%	6.44%	6.20%

Capital Financing Budget

69. Included at Appendix 3 of this report is a breakdown of the capital financing budget which totals £19.667m for 2021/22.

Financial Impact

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

Integrated Impact Assessment

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

Workforce impacts

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

Legal impacts

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

Risk management

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

Recommendation

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

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

Reasons for proposed decision

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

Implementation of decision

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

Appendices

Appendix 1 – Scheme of Delegation
Appendix 2 - Investment Criteria
Appendix 3 – Capital Financing Budget

List of Background Papers

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

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Scheme of Delegation

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

Specified Investments

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

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

Other specified investments are as follows:

1. The UK Government – in addition to the Debt Management Account facility, there are UK Treasury Bills or Gilts with less than 1 year to maturity.

2. Supranational Bonds of less than 1 year duration – there are two categories:

   (a) multilateral development bank bonds such as European Investment Bank Bonds
   (b) a financial institution that is guaranteed by the UK Government such as The Guaranteed Export Finance Company.

3. Pooled Investment Vehicles (such as Money Market funds) that have been awarded a high credit rating agency.

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

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

Non-Specified Investments:

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

Maturities in excess of 1 year

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

Approved Countries for Investments

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

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

Based on latest available rating:

AAA

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

AA+

- Finland
- Hong Kong
- USA

AA

- UK

Capital Financing Budget

2019/20 Outturn Position £'000		2020/21 Original Budget £'000	2021/22 Original Budget £'000
19,804	Principal and Interest charges	19,722	20,083
	Investment Income		
(497)	- Total	(400)	(200)
147	- less allocated to other funds *	130	75
(350)	**Subtotal Income**	**(270)**	**(125)**
(180)	Contribution from General Reserve	(170)	(160)
	Contribution from Treasury Management Equalisation Reserve.		(131)
19,274	**Net General Fund**	**19,282**	**19,667**

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