



CABINET

IMMEDIATELY FOLLOWING CABINET SCRUTINY COMMITTEE

WEDNESDAY, 28th July 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. Declarations of Interest
4. Minutes of Previous Meetings (*Pages 3 - 18*)
12th May, 2nd June and the 16th June.
5. Forward Work Programme 2021/22 (*Pages 19 - 20*)
6. Budget Monitoring and Update Report 2021/22 (*Pages 21 - 38*)
7. Capital Programme Monitoring Report 2021/22 (*Pages 39 - 48*)
8. Treasury Management Outturn Report 2020/21 (*Pages 49 - 62*)
9. Treasury Management Monitoring Report 2021/22 (*Pages 63 - 70*)

10. 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

Thursday, 22 July 2021

Cabinet Members:

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

EXECUTIVE DECISION RECORD

CABINET

12 MAY 2021

Cabinet Members:

Councillors: E.V.Latham (Chairperson) M.Harvey, D.Jones,
A.R.Lockyer, P.A.Rees, P.D.Richards, and L.Jones.

Officers in Attendance:

K.Jones, A.Jarrett, H. Jenkins, N.Pearce, A.D.Thomas, C.Griffiths, D.Griffiths,
P.Jackson, C.Furlow-Harris and J. Woodman-Ralph

1. **APPOINTMENT OF CHAIRPERSON**

Agreed that Councillor E.V.Latham be appointed Chairperson for the meeting.

2. **CHAIRPERSONS ANNOUNCEMENT/S**

Cllr. M. Harvey was welcomed to his first meeting of Cabinet as Cabinet Member for Streetscene and Engineering.

3. **DECLARATIONS OF INTEREST**

No Declarations of Interest were received.

4. **MINUTES OF PREVIOUS MEETING (S)**

That the minutes of the 8th and 16th March 2021 be approved.

5. **PROPOSED FUTURE FUNDING MODEL FOR COMMUNITY TRANSPORT**

Decisions:

Having given due regard to the Integrated Impact Assessment:

1. The Bus Services Support Grant (BSSG) funding be realigned to reflect the operational changes to Community Transport in Neath Port Talbot County Borough;
2. That after assessment of applications for funding, the Head of Engineering and Transport be granted delegated authority in consultation with the relevant Cabinet Member to allocate the BSSG to successful applicants.
3. Should additional funding become available in a financial year, community transport organisations to be invited to apply for such monies.

Reason for Decisions:

As a result of Community Transport evolving, communities are setting up more car clubs to serve their local area's specific transport requirement. This could be operating a bus service or alternatively running residents to doctors, hospital appointments or in some cases with members of the scheme being able to hire vehicles on a self-drive basis, establishing a more sustainable local transport option and Shop Mobility services.

Implementation of Decisions:

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

6. **CORPORATE PLAN 2021/2023**

Decisions:

Having given due regard to the Integrated Impact Assessment:

1. Approval be granted for the updated Corporate Plan for the period 2021-2023.

2. That the Head of Human and Organisational Development be authorised to add the additional performance data to the report when available.
3. That the Head of Human and Organisational Development be given delegated authority in consultation with the Leader, Deputy Leader and Chief Executive to make any further changes that are necessary prior to final publication and which do not materially change the content of the Plan.
4. That the Corporate Plan for the period 2021-2023 be commended to Council on the 26th May 2021 for formal adoption.

Reason for Decisions:

To ensure the revisions made to the Corporate Plan are approved, meeting legal duties set out in the Well-being of Future Generations (Wales) Act 2015 as they relate to council corporate planning activities.

Implementation of Decisions:

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

7. ANNUAL GOVERNANCE STATEMENT

Decisions:

Members noted that there was no requirement for an Integrated Impact Assessment on this item.

1. That the progress made on the Corporate Governance improvement work undertaken during 2020-2021 be noted.
2. That the Annual Governance Statement 2020-2021 as attached in Appendix 1 to the circulated report be approved.
3. That the Corporate Governance Improvement work to be undertaken during 2021-2022 be approved.

Reason for Decisions:

To ensure the Annual Governance Statement meets the requirements of Regulation 5(2) of the Accounts and Audit (Wales) Regulations 2014 in relation to an annual review of the effectiveness of the Council's systems of internal control and the preparation and approval of an Annual Governance Statement.

Implementation of Decisions:

The decision will be implemented after the 3 day call in period.

8. **SOUTH WEST WALES CORPORATE JOINT COMMITTEE**

Decisions:

Members were supportive of the concerns expressed by the previous scrutiny committee and asked that Cabinets concerns also be highlighted to Welsh Government as detailed in below.

1. That delegated authority be granted to the Chief Executive, in consultation with the Leader to agree an application for grant funding to be made to Welsh Government for funding to establish the South West Wales Corporate Joint Committee and to accept any grant offer that maybe made by Welsh Government (whether made to this Council or to a participating authority in the Swansea Wales CJC).
2. That delegated authority be granted to the Chief Executive to enter into dialogue with authorities who will comprise the South West Wales CJC, to develop proposals for establishing the South West Wales CJC.
3. A report to be brought back to members for approval, once dialogue has been completed for members to approve the arrangements for the South West Wales CJC so far as they relate to Neath Port Talbot County Borough Council.
4. That representations be made to Welsh Government to express concerns on Corporate Joint Committees as discussed at the Cabinet Scrutiny Committee and Cabinet meeting of the 12th May 2021.

Reason for Decisions:

To ensure compliance with the requirements of the Local Government and Elections (Wales) Act 2021 and ensure the needs of Neath Port Talbot County Borough Council and reflected in the development of these Corporate Joint Committees.

Implementation of Decisions:

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

9. **DISCRETIONARY RATE RELIEF FOR CHARITIES AND NON-PROFIT MAKING ORGANISATIONS**

Decision:

That the current scheme of discretionary rate relief for charities and non-profit organisations be extended to the 31st March 2024 as detailed in the circulated report.

Reason for Decision:

To enable the Council to provide discretionary rates relief to ratepayers to the 31st March 2024.

Implementation of Decision:

The decision will be implemented after the 3 day call in period.

CHAIRPERSON

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EXECUTIVE DECISION RECORD

CABINET

2 JUNE 2021

Cabinet Members:

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

Officers in Attendance:

K.Jones, H.Jenkins, A.Jarrett, C.Griffiths, S.Rees, H.Jones, C.Furlow-Harris, M.Shaw, P.Walker, W.John, R.Headon, C.Davies and J.Woodman-Ralph

Invitees:

Councillors S.K.Hunt (Scrutiny Chairperson)
S.Reynolds (Vice Chairperson)
S.Rahaman
S.Freeguard

1. **APPOINTMENT OF CHAIRPERSON**

Agreed that Councillor E.V.Latham be appointed Chairperson for the meeting.

2. **DECLARATIONS OF INTEREST**

No declarations of interest were received.

3. **CEFN COED MUSEUM UPDATE**

Decision:

That the following be noted:

1. The current position in respect of the Valleys Regional Park grant bid for Cefn Coed.
2. That the museum will need to remain closed until the Health and Safety issues have been satisfactorily resolved.
3. That a group of internal and external stakeholders be established under the Chairmanship of the Director of Education, Leisure and Lifelong Learning to set out a clear way forward for the future of the site.
4. That the views of the 3 Local Members and the relevant Cabinet Member be sought at key intervals and reports be brought back to the Scrutiny Committees at regular intervals with updates.

4. **WELSH LANGUAGE STANDARDS ANNUAL REPORT**

Decision:

That the report be noted.

5. **2020/21 REVENUE OUTTURN AND RESERVES POSITION STATEMENT 2020/2021**

Decisions:

Having given due regard to the Integrated Impact Assessment:

1. The outturn financial position for 2020/2021 as detailed in the circulated report be noted;

2. That approval be granted for the additional transfers to and from reserves as detailed in Appendices 3 and 4, resulting in the final specific reserves balances as detailed in Appendix 5, and the General Reserves as detailed in Appendix 6 to the circulated report.
3. That a report setting out available funds and proposals for Covid Recovery investment be commissioned.

Reason for Decisions:

To finalise the Council's General Fund Revenue Outturn and Reserves position for the 2020/21 financial year.

Implementation of Decisions:

With the agreement of the relevant Scrutiny Chairperson the decisions will be implemented immediately (and therefore not subject to the call-in procedure).

6. **2020/21 CAPITAL OUTTURN REPORT**

Decision:

That the 2020/2021 Capital Programme outturn position be approved.

Reason for Decision:

To finalise the capital outturn position for 2020/2021.

Implementation of Decision:

With the agreement of the relevant Scrutiny Chairperson the decision will be implemented immediately (and therefore not subject to the call-in procedure).

7. **URGENT ITEMS**

Because of the need to deal now with the matters contained in Minute No 8 and 11 below, the Chairperson agreed these could be raised at today's meeting as urgent items pursuant to Section 100B (4) (b) of the Local Government Act 1972.

Reason:

Due to the time element.

8. **RENEWAL OF MICROSOFT SOFTWARE ENTERPRISE AGREEMENT**

Decision:

That approval be granted to issue a Direct Award for the renewal of the Microsoft Enterprise Agreement under the NPS Framework to SoftCat Public Limited Company.

Reason for Decision:

To enable the Council to meet its license obligations and deliver the infrastructure to allow it to conduct its business.

Implementation of Decision:

With the agreement of the relevant Scrutiny Chairperson the decision will be implemented immediately (and therefore not subject to the three day call-in period).

9. **ACCESS TO MEETINGS**

RESOLVED: That pursuant to Regulation 4 (3) and (5) of Statutory Instrument 2001 No 2290, the public be excluded for the following items of business which involved the likely disclosure of exempt information as defined in Paragraph 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

10. **CORPORATE PERFORMANCE MANAGEMENT SYSTEM CONTRACT (CPMS) (EXEMPT PARAGRAPH 14)**

Decision:

Having given due regard to the integrated impact assessment, Rule 7 of the Contract Procedure Rules be excluded and that delegated authority be granted to the Head of Human and Organisational Development to enter into a two year contract with CAM Management Solutions Limited on the terms as detailed in the circulated report.

Reason for Decision:

1. The system underpins the Council's performance management and risk management arrangements.
2. To ensure business continuity, uphold the momentum of good progress already made and to further develop our performance and risk management arrangements (including implementing the action plan following the review of CPMS by Audit Wales). It would be in the best interest of the Council to continue with the current software system arrangements that are in place.

Implementation of Decision:

With the agreement of the relevant Scrutiny Chairperson the decision will be implemented immediately (and therefore not subject to the three day call-in period).

11. **YOUTH CUSTODY SERVICE (YCS) CONTRACT WITH NEATH PORT TALBOT COUNTY BOROUGH COUNCIL, THROUGH HILLSIDE SECURE CHILDREN'S HOME (EXEMPT PARAGRAPH 14)**

Members received a verbal update that the Welsh Government had asked for additional time to consider the position, so the date of notice to be given on the current contract was extended to the 15th June 2021 as detailed below.

Decisions:

1. That without any reassurances from the Youth Custody Service or Welsh Government, notice be given on the current Youth Custody Service contract as of the 15th June 2021. This will enable further

negotiations with the Youth Custody Service and Welsh Government prior to the contract expiry date of the end of October 2021.

2. That delegated authority be granted to the Director of Social Services, Health and Housing to continue negotiations.

Reason for Decisions:

To ensure that Neath Port Talbot residents are not placed in a position where they may need to underwrite the costs of Hillside Secure Children's Home. This is especially important given that the Welsh Government have been clear that the Council cannot operate to make a profit from the resource.

Implementation of Decisions:

With the agreement of the relevant Scrutiny Chairperson the decision will be implemented immediately and therefore not subject to the 3 day call-in period.

CHAIRPERSON

EXECUTIVE DECISION RECORD

CABINET

16 JUNE 2021

Cabinet Members:

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

Officers in Attendance:

K.Jones, A.Jarrett, A.D.Thomas, H.Jenkins, N.Pearce, C.Griffiths, R.Crowhurst, P.Curnow, R.Bowen, J.Merrifield, C.L.Davies and J.Woodman-Ralph.

Invitees:

S.Reynolds (Scrutiny Chairperson)
S.Rahaman (Scrutiny Vice Chairperson)

1. **APPOINTMENT OF CHAIRPERSON**

Agreed that Councillor E.V.Latham be appointed Chairperson for the meeting.

2. **DECLARATIONS OF INTEREST**

The following Members made a declaration of interest at the commencement of the meeting in regard to Agenda Item 5, Strategic School Improvement Programme – Proposal to Establish an English-Medium 3 – 11 School to replace Alltwen, Godre'rgraig and Llangiwg Primary Schools all of which will be discontinued 31st August 2024.

Cllr. E.V.Latham	As he is Chair of Governors at Tywyn Primary School and Ysgol Bae Baglan but has dispensation to speak and vote.
Cllr.C.Clement-Williams	As she is a school governor at Baglan Primary School but has dispensation to speak and vote.
Cllr. D.Jones	As she is Chair of Governors at Cilfrew Primary School and Llangatwg Community School but has dispensation to speak and vote.
Cllr. A.R. Lockyer	As he is Chair of Governors at Gnoll Primary School and governor at YGG Castell Nedd but has dispensation to speak and vote.
Cllr.P.A.Rees	As he is Chair of Governors at Cefn Saeson Comprehensive and Crynallt Primary Schools but has dispensation to speak and vote.
Cllr. P.D.Richards	As he is a school governor at Blaenbaglan and Baglan Primary Schools but has dispensation to speak and vote.
Cllr. L.Jones	As she is a school governor at Melin Primary and Tonnau Primary but has dispensation to speak and vote.
Cllr. M.Harvey	As he is a Chair of Governors at Abbey Primary School but has dispensation to speak and vote.

3. **STRATEGIC SCHOOL IMPROVEMENT PROGRAMME - PROPOSAL TO ESTABLISH AN ENGLISH-MEDIUM 3 - 11 SCHOOL TO REPLACE ALLTWEN, GODRE'RGRAIG AND LLANGIWG PRIMARY SCHOOLS ALL OF WHICH WILL BE DISCONTINUED 31ST AUGUST 2024**

Following, a verbal update given at the meeting and with the agreement of the Scrutiny Chairperson it was agreed that the decision would be for **Immediate Implementation.**

Having given due regard to the consultation responses, the integrated impact assessment and the equality, risk, community usage assessments and the information referred to as detailed in the circulated report and accompanying appendices:

Decisions:

1. That in line with Section 48 of the School Standards and Organisation (Wales) Act 2013. Approval be granted to publish the statutory notice of the proposal to establish an English-medium 3 – 11 school with a Learning Support Centre, in new build premises to accommodate pupils from the current catchment areas of Alltwen Primary, Godre'rgraig Primary and Llangiwg Primary, all of which will be discontinued on the 31st August 2024.
2. That the implementation be the 1st September 2024.
3. That the Notice of the proposal be published on the 17th June 2021, allowing 28 days for receipt of objections and a report be brought back to Members following the outcome of this period for final determination by Members.

Reason for Decisions:

To enable the Council to comply with the formal publication requirements of the School Organisation Code and associated legislation. A draft statutory notice, attached as Appendix 1 to the circulated report. Implementation of the proposal will enable the Council to promote high educational standards and the fulfilment of every child's potential. It will also enable the Council to meet its duty to secure efficient education in its area.

Implementation of Decisions:

The decision will be implemented immediately as agreed with the relevant Scrutiny Chair (and is therefore not subject to the call-in procedure).

CHAIRPERSON

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Cabinet (Following Cabinet Scrutiny starting at 2pm)

Meeting Date	Agenda Item	Type	Contact Officer
1 st September	Disused Mine and Quarry Tips with the Authority	Decision	Dave Griffiths/ Hasan Hasan
	Valley's Action Plan Report	Information	Fiona Clay-Poole/ Caryn Furlow
	Food Poverty Report	Information	Fiona Clay-Poole/ Caryn Furlow
22 September	Corporate Plan Annual Report 2020-21 (Quarter 4 included as Appendix to report)	Decision	Caryn Furlow- Harris Karen Jones
	Strategic Equalities Plan Annual Report 2020/21	Decision	Rhian Headon
	Welsh Language Promotion Strategy Annual Report 2020/21	Decision	Rhian Headon

20 th October	Public Services Ombudsman for Wales Annual Report	Information	Craig Griffiths
	Quarter 1 Performance Data	Monitoring	Shaun Davies
	Skewen Update Report	Decision	Andrew Jarrett
	Corporate Complaints Annual Report 2020/21	Information	Caryn Furlow-Harris
	Cyber Security Strategy	Decision	Hywel Jenkins
	Ethical Procurement	Decision	Craig Griffiths



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

CABINET

28th JULY 2021

REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES

Matter for: Decision

Wards Affected – All Wards

Revenue Budget Monitoring and Update Report 2021/22 – as at end of May 2021

Purpose of Report

1. To provide Members with an update in relation to current budget projections for the 2021/22 financial year.

Summary and Background

2. At this point in the financial year it is difficult to forecast with any great certainty what the position will be when we get to March 2022. We are still in the midst of a global Coronavirus Pandemic which is impacting on our activity levels across all Service areas.
3. At present it is forecast that the Net Authority budget will underspend this year by £178k after proposed reserve transfers. No reliance should be placed on this at this stage due to the number of uncertainties included within the assumptions made.
4. As during 2020/21 Members will receive bi-monthly budget monitoring and update reports due to the volatility caused by the Coronavirus Pandemic.

NPT Claims to WG LA Hardship Fund 2021/22

5. The WG have provided funding into the LA Hardship Fund, for the first 6 months of 2021/22, totalling £206.6m. This fund is available to cover increased costs and loss of income claims. Further announcements are expected in due course of additional sums for the remainder of 2021/22.
6. The Council has recently submitted claims for additional Covid related costs (re April and May 2021) to the LA Hardship Fund totalling £1,110,718. To date we have received notification that £807,522 will be reimbursed with the balance remaining 'on hold' pending the provision of additional detail.
7. We are also awaiting decisions on claims re last year of circa £484k for Free School Meals. It is envisaged these will be resolved during the next month and if not paid in full will impact on our current year's budget.

Directorate Reports

8. The following Directorate reports indicate the service areas where significant variances to the end of May 2021 against the net budget are:

9. **Education Leisure and Lifelong Learning**

There are no variances over £50k.

The Education Leisure and Lifelong Learning budget is currently forecast to overspend by £9k.

10. **Social Services Health & Housing**

The main variances (>£50k) are:

- Children's Social Residential Care £533k overspend
The overspend is based on the assumption that there will be 14 children in residential care for the whole year, 3 more than the

provision in the budget. This is offset by a 1st quarter claim that we will send for reimbursement to the WG hardship fund totalling £128k re additional costs due to Covid. Step down provision is being explored for a number of placements which would further ease the pressure on this budget.

- Hillside – Secure Accommodation - £365k 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.

The gross annual projected loss of income is £862k and is based on an increase in the number of welfare beds occupied in the second half of the year (currently 5 increasing to 10 later in the year), which is partly offset by projected annual savings on staff costs of £496k due to the lower occupancy rate during the early part of the year.

The overspend is due to the low number of welfare placements and the resulting loss of income, which to date is £282k but this sum will be reduced by savings to date when we submit the net claim to the WG Hardship Fund.

WG have confirmed funding for loss of income due to Covid will be available during the first 6 months of 2021/22 and a claim will be submitted. If the Council is successful with its claim it will offset some of the projected overspend.

- Supported Accommodation for Children - £131k underspend
The current budget is projected to underspend due to the increase provided by WG in the Housing Support Grant. A review of service need is currently being undertaken to assess future provision and options on best use of this projected underspend.
- Internal Fostering Service £149k underspend
The underspend is due to projected savings on staff costs (£63k) due to in-year vacancies, savings on car allowances and lower number of in-house foster placements (188) compared to the provision in the budget (200).
- External Foster Placements £154k overspend
The overspend is due to greater number of external foster placements (44) when compared to budget (33). It should be noted

that overall the Fostering service is showing a net overspend of £5k. If the net overspend continues to grow in future months the Council will be looking to recover the excess costs from the LA Hardship Fund.

- Community Care Management £91k underspend
The underspend is due to savings on staff costs. Capacity is currently being reviewed as Covid Recovery work commences.
- Elderly Residential Care - External Provision £246k underspend
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. The projection includes £400k for new placements and £100k for additional respite. As we are aware the WG Hardship Fund provides an additional £50 per week to residential care providers together with a top up payment for voids. This funding guarantee is in place until the end of August with further WG guidance announcements due re the level of financial support from September onwards. It is understood that from September there may be a reduction in the amount of financial support and this may impact on the viability of some care settings and providers.
- Domiciliary Care £227k underspend
The underspend is due to vacancies in the in-house service, which is partly offset by an increase in placements costs in the external domiciliary care market (£375k). Similar to Residential Care we are awaiting clarification from WG whether the £1 per hour Covid supplement payment will continue from 1 July 2021.
- Other Community Care/Direct Payments £99k underspend
The budget was based on 79 clients, only 68 elderly clients are currently receiving a direct payment, with similar service user levels projected for the remainder of the financial year.
- Aids & Equipment £169k underspend
Due to underspends in previous years the joint equipment store was able to build up its reserves. Partners have agreed to draw down some of that funding in 21/22, this has resulted in lower partner contributions needed. This is a one-off saving for this financial year.

- Learning Disabilities (LD) – External Placements £75k underspend
The demand for LD services has been less than anticipated due to the pandemic, resulting in the projected underspend. The projection includes £200k for new placements.
- Mental Health – External Placements £297k overspend
The overspend is a result of more MH placements than was provided for in the budget.

The Social Services Budget is projected to underspend by £303k.

11. Environment

- Car Parking - £211K overspend
This is due to the assumption that there will be a reduction in car parking income during the year.
- Pollution Control - £85K
This projected overspend will be reduced to zero if the reserve request detailed below is approved.

The Environment budget is projected to overspend by £166k (after proposed transfers from reserves).

12. Corporate Services

- Digital Services - £110k overspend
The Budget for the Chief Digital Officer post was established in the Directorate Management Team budget but needs to move to the Digital Services Division. The proposed virements below will correct this if approved.
- Directorate Management - £133k underspend
£110k of this variance is as per the Digital Services overspend above (Chief Digital Officer) and is included in the proposed virements below. The balancing £22k relates to projected staff savings.

The Corporate Services Directorate is projected to underspend by £50k.

13. Central Budgets

All Central Budgets are forecast to be spent as per the original budget at this point in time.

Virements

14. 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

15. Members are requested to approve the following virements in line with the Council's constitution:

Dir.	Service Area	Transfer From £	Transfer To £
CORP	Directorate Management	110,000	
CORP	Digital Services		110,000
Total		110,000	110,000

16. A schedule of virements already approved by Corporate Directors Group (CDG) is appended to this report.

Reserve movements

17. The following reserve movements are proposed for approval by Cabinet.

<u>Value to / (from) £</u>	<u>Reserve</u>	<u>Service Area</u>	<u>Reason</u>
(45,000)	Environment Equalisation	Building Maintenance	Fund works planned for 2021/22

<u>Value to / (from) £</u>	<u>Reserve</u>	<u>Service Area</u>	<u>Reason</u>
(5,000)	Environment Equalisation	Swansea Bay City Region	Fund additional expenditure
(21,583)	Environment Equalisation	Network Management	Additional staff costs
(33,333)	Environment Equalisation	Planning / Development Control	Additional staff and ICT costs
(85,000)	Air Quality Monitoring	Pollution Control Services	Fund air quality monitoring equipment
30,942	LDP	Local Development Plan	Match updated expenditure plans
16,792	Environment Equalisation	Non-Operational Land	Fund future works at Harbour Court
(1,465,000)	Vehicle Renewals	Transport Management	To fund vehicle purchases that were delayed from 2020/21
(320,000)	Members Community Fund	Members Fund	Anticipated 50% draw down during 2021/22 to fund approved projects.
(100,000)	DARE	Environment	To fund decarbonisation initiatives
(250,000)	Corporate Contingency Reserve	Environment	Additional Seasonal Maintenance Staff and other initiatives – further pull expected in 2022/23
TBC	Community Resilience Fund	Social Services	Additional staff and develop proposals to augment the work of Local Area Co-ordinators

Additional grants awarded

18. The following additional grants have been awarded to the Council:

- Period dignity in schools and communities grant £116,328
- Transition funding £73,536

Integrated Impact Assessment

19. 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

20. 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

21. 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

22. 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

23. COVID19 has impacted significantly on the Council, its services and activities since the initial UK Government Lockdown announcement of March 2020.
24. Some services have continued with adaptations to operate e.g. with social distancing or use of PPE including residential care homes, domiciliary care, waste collection and waste disposal services. Some of the new services developed in 2020/21 to safeguard vulnerable people such as those shielding i.e. safe and well, new systems developed to work from home, pay grants to

businesses and families of children entitled to Free School Meals and the Test Trace and Protect services have continued to operate in the current financial year.

25. Governance arrangements were also updated and continue to operate under new arrangements.
26. 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 2021/22 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

27. There is no requirement for external consultation on this item

Recommendation

28. It is recommended that Cabinet **approve and commend** to Council the budget virement and reserve movements set out in this report.

Reason for Proposed Decision

29. To comply with the Councils constitution in relation to budget virements and reserve requests and to update the Council's Budget projections for 2021/22.

Implementation of Decision

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

Appendices

31. Appendix 1 – Budget Virements approved by CDG
Appendix 2 – Budget Summary
Appendix 3 – Specific Reserves Schedule
Appendix 4 – General Reserve Balance

Officer Contact

32. Hywel Jenkins
Director of Finance and Corporate Services
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Huw Jones
Head of Finance
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Nicole Blackmore
Chief Accountant – Financial Planning
n.l.blackmore@npt.gov.uk

Appendix 1 – Budget Virements Approved by CDG

The following virements have been approved by Corporate Directors Group.

Dir.	Service Area	Transfer From £	Transfer To £
ENV	Corporate Management	93,117	
ENV	Estates		37,052
ENV	Planning Policy		7,696
ENV	General Environmental Health		6,897
ENV	Food		14,898
ENV	Network Management		6,780
ENV	Waste Enforcement		6,812
ENV	Drainage		12,982
CORP	Executive Support	54,633	
CORP	Scrutiny Services		54,633
Total		147,750	147,750

Appendix 2 – Budget Summary

Summary 2021-22	Original	Revised	Projected	Proposed		Variance
As at end of May 2021	Budget	Budget	Outturn	reserves	virement	after virement/ reserves
	£	£	£	£	£	£
Education, Leisure and Lifelong Learning - Schools	93,314,000	93,314,000	93,314,000	0	0	0
Education, Leisure and Lifelong Learning - Other	27,560,000	27,560,000	27,569,472	0	0	9,472
Social Services Health & Housing	87,276,000	87,276,000	86,972,869	0	0	-303,131
Environment	41,929,000	41,929,000	42,237,477	-142,182	0	166,295
Corporate Services	18,775,000	18,775,000	18,724,632	0	0	-50,368
Directly Controlled Expenditure	268,854,000	268,854,000	268,818,451	-142,182	0	-177,731
Swansea Bay Port Authority	45,767	45,767	45,767			0
Fire Authority	8,179,504	8,179,504	8,179,504			0
Margam Crematorium	1,000	1,000	1,000			0
Archives	96,798	96,798	96,798			0
Magistrates Court	11,485	11,485	11,485			0
Capital Financing	19,667,439	19,667,439	19,667,439			0
Council Tax Support	19,834,579	19,834,579	19,834,579			0
Pay & Pension Provision	1,400,000	1,400,000	1,400,000			0
Contingency	755,077	755,077	755,077			0
Management of change	500,000	500,000	500,000			0
Cont. from General Reserve	-3,100,000	-3,100,000	-3,100,000			0
Net Budget Requirement	316,245,649	316,245,649	316,210,100	-142,182	0	-177,731
RSG	-188,898,504	-188,898,504	-188,898,504			0
NNDR	-47,781,525	-47,781,525	-47,781,525			0
Discretionary rate relief	386,684	386,684	386,684			0
Council Tax	-79,952,304	-79,952,304	-79,952,304			0
Total Funding	-316,245,649	-316,245,649	-316,245,649	0	0	0
Projected Net Underspend						-177,731

Appendix 3 – Specific Reserves Schedule

Description	Reserve Balance at 1st April 2021 £	Approved Reserve Movements £	Current Projected Balance @ 31st March 2022 £	Additional Requests £	Proposed Balance @ 31st March 2022 £
EDUCATION, LEISURE & LIFELONG LEARNING					
<i>Delegated Schools Cash Reserves</i>					
ERVR Primary	Cr5,925	1,462	Cr4,463	0	Cr4,463
Primary Schools Reserve A/c	Cr4,372,665	0	Cr4,372,665	0	Cr4,372,665
Secondary Schools Reserve A/c	Cr2,048,586	0	Cr2,048,586	0	Cr2,048,586
Special Schools Reserve A/c	Cr354,365	0	Cr354,365	0	Cr354,365
Middle School Reserve A/c	Cr439,704	0	Cr439,704	0	Cr439,704
Repair & Maintenance Reserve	Cr161,160	0	Cr161,160	0	Cr161,160
	Cr7,382,406	1,462	Cr7,380,944	0	Cr7,380,944
<i>Education, Leisure and Lifelong Learning</i>					
Margam Discovery Centre - Building Maintenance Reserve	Cr47,774	Cr50,000	Cr97,774	0	Cr97,774
Equalisation Account-Education	Cr1,893,000	0	Cr1,893,000	0	Cr1,893,000
Home to School Transport	Cr111,070	0	Cr111,070	0	Cr111,070
	Cr2,051,844	Cr50,000	Cr2,101,844	0	Cr2,101,844
Total Education Leisure & Lifelong Learning	Cr9,434,250	Cr48,538	Cr9,482,788	0	Cr9,482,788
SOCIAL SERVICES, HEALTH & HOUSING					
Homecare ECM Equipment Reserve	Cr86,756	Cr10,000	Cr96,756	0	Cr96,756
Community Care Transformation Reserve	Cr455,561	0	Cr455,561	0	Cr455,561
Social Services Equalisation	Cr2,000,114	0	Cr2,000,114	0	Cr2,000,114
Hillside General Reserve	Cr430,663	0	Cr430,663	0	Cr430,663

Appendix 3 – Specific Reserves Schedule

Description	Reserve Balance at 1st April 2021 £	Approved Reserve Movements £	Current Projected Balance @ 31st March 2022 £	Additional Requests £	Proposed Balance @ 31st March 2022 £
Youth Offending Team Reserve	Cr167,897	0	Cr167,897	0	Cr167,897
Adoption Service	Cr500,000	0	Cr500,000	0	Cr500,000
Children's Residential Placements	Cr276,000	0	Cr276,000	0	Cr276,000
SSHH IT Renewals Fund	Cr700,000	0	Cr700,000	0	Cr700,000
Total Social Services, Health and Housing	Cr4,616,991	Cr10,000	Cr4,626,991	0	Cr4,626,991
ENVIRONMENT					
Transport Reserve	Cr151,541	60,000	Cr91,541	0	Cr91,541
Asset Recovery Incentive Scheme	Cr125,894	38,000	Cr87,894	0	Cr87,894
Local Development Plan	Cr290,072	50,000	Cr240,072	Cr30,942	Cr271,014
Winter Maintenance Reserve	Cr744,162	0	Cr744,162	0	Cr744,162
Baglan Bay Innovation Centre - Dilapidation Reserve	Cr77,517	0	Cr77,517	0	Cr77,517
Renewable Energy Reserve	Cr15,746	0	Cr15,746	0	Cr15,746
Environmental Health - Housing Equalisation	Cr137,000	137,000	0	0	0
Workways - NPT	Cr252,491	0	Cr252,491	0	Cr252,491
Environment Equalisation Reserve	Cr763,087	193,002	Cr570,085	88,124	Cr481,961
Metal Box Reserve	Cr356,418	32,000	Cr324,418	0	Cr324,418
Air Quality Monitoring Reserve	Cr85,000	0	Cr85,000	85,000	0
Operating Account - Equalisation	Cr36,043	0	Cr36,043	0	Cr36,043
Vehicle Tracking	Cr92,186	0	Cr92,186	0	Cr92,186
Vehicle Renewals	Cr2,321,235	Cr843,812	Cr3,165,047	1,465,000	Cr1,700,047
Total Environment	Cr5,448,392	Cr333,810	Cr5,782,202	1,607,182	Cr4,175,020

Appendix 3 – Specific Reserves Schedule

Description	Reserve Balance at 1st April 2021 £	Approved Reserve Movements £	Current Projected Balance @ 31st March 2022 £	Additional Requests £	Proposed Balance @ 31st March 2022 £
CORPORATE SERVICES					
Elections Equalisation Fund	Cr335,139	Cr15,000	Cr350,139	0	Cr350,139
Health & Safety/Occupational Health	Cr40,501	0	Cr40,501	0	Cr40,501
Development Fund for Modernisation	Cr168,032	0	Cr168,032	0	Cr168,032
IT Renewals Fund	Cr933,394	315,000	Cr618,394	0	Cr618,394
Corporate Equalisation Reserve	Cr597,236	133,500	Cr463,736	0	Cr463,736
Building Capacity	Cr197,295	139,000	Cr58,295	0	Cr58,295
Voluntary Organisation Reserve	Cr33,300	0	Cr33,300	0	Cr33,300
Total Finance and Corporate Services	Cr2,304,897	572,500	Cr1,732,397	0	Cr1,732,397
CORPORATE					
Insurance Reserve	Cr5,998,621	0	Cr5,998,621	0	Cr5,998,621
Swansea Bay City Deal	Cr112,786	112,786	0	0	0
Income Generation Reserve	Cr1,120,252	77,000	Cr1,043,252	0	Cr1,043,252
Members Community Fund Reserve	Cr662,114	0	Cr662,114	320,000	Cr342,114
Community Resilience Fund	Cr2,000,000	0	Cr2,000,000	0	Cr2,000,000
Housing Warranties Reserve	Cr220,000	0	Cr220,000	0	Cr220,000
Pantteg Landslip Reserve	Cr500,000	0	Cr500,000	0	Cr500,000
Waste Reserve	Cr393,152	0	Cr393,152	0	Cr393,152
LAWDC Contingency Reserve	Cr1,013,444	0	Cr1,013,444	0	Cr1,013,444
DARE Reserve	Cr2,000,000	0	Cr2,000,000	100,000	Cr1,900,000
Digital Transformation Reserve	Cr1,170,000	0	Cr1,170,000	0	Cr1,170,000
Schools IT Equalisation (HWB)	Cr400,000	0	Cr400,000	0	Cr400,000

Appendix 3 – Specific Reserves Schedule

Description	Reserve Balance at 1st April 2021 £	Approved Reserve Movements £	Current Projected Balance @ 31st March 2022 £	Additional Requests £	Proposed Balance @ 31st March 2022 £
Corporate Contingency	Cr4,741,000	1,437,000	Cr3,304,000	250,000	Cr3,054,000
Treasury Management Equalisation Reserve	Cr8,901,803	Cr239,000	Cr9,140,803	0	Cr9,140,803
ERVR Transitional Reserve	Cr4,407,523	0	Cr4,407,523	0	Cr4,407,523
Accommodation Strategy	Cr2,273,580	0	Cr2,273,580	0	Cr2,273,580
CORPORATE OTHER	Cr35,914,275	1,387,786	Cr34,526,489	670,000	Cr33,856,489
JOINT COMMITTEE/ OTHER					
Workways - Regional Reserve	Cr154,419	0	Cr154,419	0	Cr154,419
Environment Legacy Reserve (SWTRA)	Cr59,728	0	Cr59,728	0	Cr59,728
Substance Misuse Area Planning Board	Cr34,847	0	Cr34,847	0	Cr34,847
WB Safeguarding Board Reserve	Cr108,304	0	Cr108,304	0	Cr108,304
Intermediate Care pooled fund	Cr28,429	0	Cr28,429	0	Cr28,429
JOINT COMMITTEE/ OTHER	Cr385,727	0	Cr385,727	0	Cr385,727
TOTAL ALL REVENUE RESERVES	Cr58,104,532	1,567,938	Cr56,536,594	2,277,182	Cr54,259,412

Appendix 4 – General Reserve Balance

	2021/22 Original	2021/22 Projected	2021/22 Variance
	£'000	£'000	£'000
Opening balance 1st April	Cr 19,845	Cr 20,036	Cr 191
Council Tax increased income	Cr 1,000	Cr 1,000	0
Capital - Phase II Accommodation financing costs	160	160	0
Doubtful Debt Provision	200	200	0
Contributions to the Economic Development Fund	200	200	0
Community Councils Grant Scheme	25	25	0
Transfer to Members Community Development Fund	300	300	0
Contribution to revenue budget	3,100	3,100	0
Estimated Closing balance 31st March	Cr 16,860	Cr 17,051	Cr 191

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NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

REPORT OF THE HEAD OF FINANCE

28th July 2021

SECTION A – MATTERS FOR DECISION

WARDS AFFECTED – ALL

CAPITAL BUDGET MONITORING 2021/22

Purpose of Report

1. To provide Members with information in relation to delivery of the 2021/22 Capital Programme.

Background

2. On 8th March 2021 Council approved its Capital Programme for 2021/22; the report detailed planned Capital Expenditure totalling £80.170m for the financial year.

The purpose of this report is to update Members as to the delivery of this Programme as at 30th June 2021 and to seek approval for a further updated budget position.

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 – completing and opening of a new replacement 11-16 School in the Cimla area of the County Borough.

- Abbey Primary – progressing the construction of a new primary school to replace the current Abbey Primary which is based across three sites in Neath Abbey, Skewen and Longford.
 - Ysgol Gymraeg Ystalyfera (WMN) Phase 3 – progressing the addition of a new build block comprising six extra classrooms and 3G rugby pitch provision.
- Progress the regeneration programme including Harbourside, Neath Town Centre Redevelopment, Plaza, and the Technology Centre
 - Further investment of £3m into Disabled Facility Grants to assist people to live at home and investment of over £3m in Schools Capital Maintenance and Highways and Engineering Maintenance improvements.
 - Redevelopment works at Hillside Secure Unit.
 - Remodelling of the Council’s Waste Facility at Crymlyn Burrows as a Transfer Station with enhanced recycling capacity and facilities to accommodate the Council’s expanding recycling operation.

Changes to the approved Budget

4. The updated Capital Programme now totals £83.464m with the main changes proposed being:
 - Projects and funding carried forward from 2020/21 totalling £5.467m, the majority of which relate to Highways & Engineering Maintenance, Neath Town Centre & and schools.
 - Grant approvals received, after the original programme was set, of £4.609m predominantly relating to transport, flood/drainage works and highway refurbishment.
 - A £4.229m budget had been included in 2021/22 for capital maintenance at Schools. However, £1.318m will be invested

this year and £2.910m needs to be re-profiled into 2022/23 to reflect the profile of the works required.

- Budgets totalling £1.998m had originally been included in 2021/22 for the Childcare Offer Grant at Cwmavon and YGG Blaendulais. These budgets have now been re-profiled into 2022/23 to reflect the profile of the works required. The Council will be investing £1.13m in improvements during this financial year.
- In 2021/22 a budget of £5.138m had been included for the Crymlyn Burrows Transfer Station site improvements. Following a review of the timetable for planned works the updated budget for 2021/22 is £1.65m with £3.488m re-profiled to 2022/23.

Further details of the Budget changes are shown at Appendix 2.

Impact of COVID

5. 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.

2021/22 Capital Expenditure

6. Details of Capital Expenditure as at 30th June 2021 is outlined in Appendix 1 of this report

Financial Impact

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

Valleys Communities Impact

8. The Capital Programme provides investment in assets across the County Borough.

Workforce Impacts

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

Legal Impacts

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

Risk Management

11. 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

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

Recommendation

13. It is recommended that Cabinet approves and commends to Council:
 - The approval of the updated proposed 2021/22 budget totalling £83.464m;
 - And note the position in relation to expenditure as at 30th June 2021.

Appendices

14. Appendix 1 – Details of Capital Expenditure as at 30th June 2021
Appendix 2 – Details of Budget Changes as at 30th June 2021

List of Background Papers

Capital Programme working files

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Appendix 1

Capital Budget and Spend 2021/22 as at 30th June 2021

	Current Budget £'000	Proposed Budget £'000	Actual @ 30 th June £'000
Education, Leisure & Lifelong Learning			
Abbey Primary	6,023	6,533	1,058
Cefn Saeson	5,157	4,898	1,482
Ysgol Gymraeg Ystalyfera Bro Dur (North Campus)	5,158	5,636	1,010
Capital Maintenance - ELLL	1,365	1,383	16
Capital Maintenance for Schools Previous Years Grants	4,229	1,318	221
Welsh Medium School Grant - YGG Pontardawe, YGG Cwmllynfell & YGG Tyle'r Ynn	1,450	1,222	406
Infant Class Sizes Grant - YGG Rhosafan, YGG Castell Nedd, Gnoll Primary	935	748	157
Childcare Offer Grant - Small Grants Pot, Cwmavon, YGG Castell Nedd, YGG Blaendulais, Wauncerich Primary & Rhos Primary	3,105	1,130	-16
Leisure Investment	150	142	87
Margam Orangery Upgrading Works	0	46	0
Margam Park Activity Investment	2,586	2,584	25
Margam Park Stonework Repairs	100	170	0
Schools & Leisure Maintenance - Additional Maintenance and Improvements	0	13	16
Pontardawe Arts Centre Cinema	770	783	0
HWB IT for Schools	832	1,136	0
Flying Start - Health & Safety Compliance (various childcare settings)	0	36	0
Furzemill Pond	0	181	0
Other – Education & Leisure	0	3	21
Environment			
Highways and Engineering Maintenance	1,625	2,606	435
Additional Highway Works (Highways Refurbishment Grant)	0	754	39

	Current Budget £'000	Proposed Budget £'000	Actual @ 30th June £'000
Additional Highway Improvements	275	275	0
Drainage Grants	0	865	131
Local Transport Fund (multiple locations)	0	653	1
Road Safety (multiple locations)	0	560	2
Safe Routes in Communities (multiple locations)	0	455	64
Active Travel Fund (multiple location)	0	771	0
Flood & Coastal Risk Projects - Aberavon & Brunel Dock	0	15	0
Flood Prevention Initiatives	250	179	0
Additional Recycling Initiatives	40	79	49
Major Bridge Strengthening - A474 Neath	289	289	0
Health & Safety	1,100	1,012	80
Neighbourhood Improvements	150	254	24
Pavilions	100	184	1
Disability Access	200	256	5
Street Lighting	1,211	1,347	191
Crymlyn Burrows Transfer Station - site improvements	5,138	1,650	48
Electric Vehicle Charging Stations	100	100	0
Vehicle Replacement Programme	355	1,500	50
Environment Street Scene Works	535	808	18
Maintenance - Structures and Council Owned Tips	63	137	9
Regeneration: Harbourside Infrastructure	3,434	3,603	301
Regeneration: Plaza Redevelopment	3,556	3,556	784
Regeneration: Port Talbot Magistrates Court	100	100	-30
Regeneration 6 Station Road	167	167	0
Regeneration: Aberafan Seafront Aquasplash Upgrade	250	447	334
Regeneration: Employment & Business Start Up Space	485	486	0
Regeneration: Neath Town Centre Redevelopment	10,490	11,352	1,554
Regeneration 8 Wind Street – Conversion to Offices	100	446	189
Regeneration: Crown Buildings /Roofing Development	200	865	-73

	Current Budget £'000	Proposed Budget £'000	Actual @ 30th June £'000
Regeneration: Neath Transport Hub	700	700	0
Regeneration: Property Enhancement Development Grant	800	927	97
Regeneration: The Technology Centre	5,268	5,417	1,154
Regeneration: Afan Forest Park	258	459	124
Regeneration: Community Self Build Housing	150	150	0
Regeneration: Neath Strategic Hub	250	250	0
Regeneration: Valleys Task Force	83	233	0
Regeneration: Gnoll Country Park	50	48	4
Regeneration: Commercial Property Grant	275	275	1
Regeneration: Other	1,455	1,422	9
Other - Environment	0	402	40
Social Services Health & Housing			
Capital Maintenance	305	332	59
Hillside Secure Unit Improvement Works	1,637	1,647	2
Efficiency & Warm Homes	426	548	72
Enable – Support for Independent Living	0	206	54
Disabled Facilities Grants	4,784	4,400	489
Other – Social Service & Housing	0	111	32
Other Services			
School IT/ Vehicle Financing	640	628	25
CCTV Replacement	150	246	-1
Civic Accommodation Modernisation	250	250	0
Food Poverty Grant	0	58	0
Information Technology & Agile Working	24	74	0
Income Generation Proposals	50	50	0
Contingency	542	898	0
Total	80,170	83,464	10,850

Capital Budget Changes to 30th June 2021

Budget Changes	£'000	Comment
Original Budget 1st April 2021	80,170	
Budget Changes		
2020/21 Funding Carried Forward to 2021/22	5,111	2020/21 funding carried forward to 2021/22
2020/21 Funding Carried Forward to 2021/22 Contingency	356	2020/21 funding carried forward to 2021/22 added to contingency
Capital Maintenance re Schools Previous Years Grants	-2,911	Re-profiled to 2022/23 to reflect planned spend
Childcare Offer Grant - Cwmavon & YGG Blaendulais	-1,998	Re-profiled to 2022/23 to reflect planned spend
Margam Park Stonework Repairs	70	Re allocated from leisure Investment
Flying Start - Health & Safety Compliance (various childcare settings)	36	New grant awarded
Crymlyn Burrows Transfer Station - site improvements	-3,488	Re profiled to 2022/23 to reflect planned spend
Additional Highway Works (Highways Refurbishment Grant)	754	New grant awarded
Local Transport Fund (multiple locations)	653	New grant awarded
Road Safety (multiple locations)	560	New grant awarded
Safe Routes in Communities (multiple locations)	455	New grant awarded
Active Travel Fund (multiple locations)	771	New grant awarded
Drainage Grants	735	New grant awarded (15% match funded required)

Budget Changes	£'000	Comment
Flood Prevention Initiatives	-71	Allocated to match fund drainage grants per above
Regeneration: Crown Buildings /Roofing Development	400	Additional budget to facilitate re portioning of the Crown Building to be able to let
Regeneration: Neath Town Centre Redevelopment	250	New grant awarded
Vehicle Replacement Programme	1,145	Refuse vehicles being ordered but not delivered in 2020/21 due to delays as a result of COVID19 now being purchased in 2021/22
Other - Environment (Caru Cymru)	15	New grant awarded
Enable – Support for Independent Living	206	New grant awarded
Food Poverty Grant	58	New grant awarded
Other - SSHH (Intermediate Care Fund)	65	New grant awarded
Efficiency & Warm Homes	122	Additional grant and contributions
Updated Budget as at 30th June 2021	83,464	



NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES – MR HYWEL JENKINS

28th July 2021

MATTER FOR MONITORING

WARDS AFFECTED: ALL

ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2020/21

Purpose of Report

1. This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2020/21 (this report).
2. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). Some information incorporated within this report has been provided by the Council's Treasury Advisors Link Asset Services.
3. Recent changes in the regulatory environment place a much greater onus on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

4. This report also confirms that Council has complied with the requirement under the Code to give prior scrutiny to the annual strategy report, which was submitted to Cabinet in March 2020 before being reported and approved by full Council.

Executive Summary

5. During 2020/21, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and Treasury Indicators	2019/20 Actual £000	2020/21 Mid-Year Estimate £000	2020/21 Actual £000
Capital Expenditure	39,131	77,684	58,769
Capital Financing Requirement	342,874	344,093	343,055
External debt(gross)	307,872	299,148	301,612
Less Investments	(56,500)	(51,800)	(52,500)
Net Borrowing	251,372	247,348	249,112

6. The full list of prudential and treasury indicators are to be found in Appendix 1. During the financial year the Council operated within its treasury limits and Prudential Indicators.
7. The financial year 2020/21 was once again a challenging environment as in previous years with low investment returns and continuing counterparty risk.

Introduction and Background

8. This report summarises:
- Capital activity during the year;
 - Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
 - Reporting of the required prudential and treasury indicators;

- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity

The Council's Capital Expenditure and Financing 2020/21

9. The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- Actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2019/20 Actual £'000	2020/21 Mid-Year Estimate £'000	2020/21 Actual £'000
Total capital expenditure	39,131	77,684	58,769
Resourced by:			
• Capital receipts	0	925	936
• Capital grants & contributions	24,684	62,565	46,304
• Capital Reserves and DRF	182	2,828	1,245
Unfinanced capital expenditure (to be funded from Borrowing)	14,265	11,366	10,284

The Council's Overall Borrowing Need

10. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's debt position. The CFR results from the capital activity of the Council and what resources have been used to pay for the capital spend. It represents the 2020/21 unfinanced capital expenditure (see Table 2) and prior years' net of unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
11. Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.
12. Reducing the CFR – Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.
13. The total CFR can also be reduced by:
 - The application of additional capital financing resources (such as unapplied capital receipts); or
 - Charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
14. The Council's CFR for the year is shown below, and represents a key prudential indicator.

CFR	2019/20 Actual £'000	2020/21 Mid-Year Estimate £'000	2020/21 Actual £'000
Opening balance	338,618	342,874	342,874
Add unfinanced capital expenditure (as above)	14,265	11,366	10,284
Less MRP	(10,009)	(10,147)	(10,103)
Closing balance	342,874	344,093	343,055

15. The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.
16. Net borrowing and the CFR – in order to ensure that borrowing levels are prudent over the medium term the Council’s external borrowing, net of investments, must only be used for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2020/21 plus the expected changes to the CFR over 2021/22 and 2022/23. The table below highlights the Council’s net borrowing position against the CFR which shows that we have self-funded the net position of £93.943m. The Council has complied with this prudential indicator.

	2019/20 Actual £'000	2020/21 Mid-Year Estimate £'000	2020/21 Actual £'000
Net borrowing position	251,372	247,348	249,112
CFR	342,874	344,093	343,055
Self-funded	91,502	96,745	93,943

17. The authorised limit – the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level.
18. The operational boundary – the operational boundary is the expected borrowing position of the Council during the year.

19. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	Actual 2020/21 £000
Operational boundary	373,055
Authorised limit	393,055
Total Maximum Borrowing compared to Operational Boundary at any point during the year	307,875

The Council has maintained gross borrowing below the Authorised limit.

Treasury Position as at 31st March 2021

20. The Council's debt and investment position is managed by Finance Treasury Staff in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the executive summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2020/21 the Council's treasury position was as follows:

	31 March 2020 Principal	Rate / Return	31 March 2021 Principal	Rate / Return

Fixed rate funding:	£m	%	£m	%
-PWLB	241.804	3.40%	232.598	3.03%
-Market (LOBO)	62.500	3.93%	62.500	3.93%
Other:				
WG Crown Loan	1.500	0.00%	3.000	0.00%
Salix	0.500	0.00%	1.943	0.00%
Temp Loans	1.568	0.71%	1.571	0.18%
Total debt	307.872		301.612	
Investments:				
- in house	56.500	0.74%	52.500	0.16%
Total investments	56.500		52.500	
Net Borrowing	251.372		249.112	

PWLB = Public Works Loans Board which is a body the Government has established to lend money to Local Government.

Market LOBO's = Lender Option Borrower Option – this is borrowing from the market when the lender has offered a long term loan but with options to continue or foreclose on the loan at various specific intervals.

Other:

WG Crown Loan = interest free loan from Welsh Government used to fund the purchase of the former Crown Building in Briton Ferry

Salix = interest free loan from Welsh Government via Salix Finance Ltd to be used towards funding new Street Lighting

Temp Loans = these include several loans the council has such as from Education Trust Funds and Welsh Church Act Funds.

The Strategy for 2020/21

21. The strategy for 2020/21 was approved by Council in March 2020 and included the following:

New Borrowing:

22. 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.
23. 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

Investments

24. The Council continued with its main investment priorities:
 - (a) security of capital
 - (b) liquidity of capital

with the aim of achieving the optimum return commensurate with proper levels of security and liquidity. With investments being dominated by low counterparty risk considerations, relatively low returns were expected when compared to borrowing rates.

25. For balances generated through normal cashflow the strategy looked to utilise the business reserve (call account) and short dated deposits.

Debt Rescheduling

26. The strategy allowed for the use of investment balances to repay debt prematurely providing it was economically worthwhile and it enhanced the maturity profile of the debt portfolio.
27. No debt rescheduling was anticipated (or took place) in 2020/21 particularly as the PWLB rate structures have made it more expensive in recent years to do so.

Borrowing Outturn for 2020/21

28. The table below shows the new long term loans entered into during 2020/21.

Counterparty	£	Description
Welsh Government - Crown	£1.5m	interest free loan from Welsh Government used to fund works at the former Crown Building in Briton Ferry
Salix	£1.443m	interest free loan from Welsh Government via Salix Finance Ltd to be used towards funding new Street Lighting

29. Treasury Borrowing – There were no short-term temporary loans taken out during 2020/21

Investment Outturn for 2020/21

30. Investment Policy – the Council’s investment policy is governed by Welsh Government guidance, which has been implemented in the annual investment strategy approved by Council in March 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).
31. As part of our planning for dealing with COVID19 pandemic, we decided to increase the amount of money invested in our Santander call account. This was done to ensure the Authority had enough liquid cash to deal with any unknown issues that would arise from the pandemic. The strategy says we can invest up to £15m with our own bankers, but this can be temporarily exceeded where necessary. The most we had invested with them during the financial year was £117m on 9th June 2020, and the balance on 31st March 2021 was £22.5m. This strategy will also continue into 2021/22 for the same reason.
32. All other investment activity during the year conformed to the approved strategy.

33. Resources – the Council’s longer term cash balances comprise, primarily, revenue and capital resources, although these will be influenced by cash flow considerations. The Council’s cash resources comprised the following:

Balance Sheet Resources	31 March 2020 £'000	31 March 2021 £'000
Balances and Earmarked Reserves	59,093	79,052
Provisions	4,836	5,629
Usable capital receipts	8,076	8,883
Total	72,005	93,564

34. Investments held by the Council – The Council received the following return on its investments:

Average Investment £'000	External Interest Earned £'000	Rate of Return %	Benchmark Return %
86,247	251	0.29%	0.09%

35. The benchmark for funds managed in house is the 3 month LIBID uncompounded. The rate reflects a more realistic neutral position for core investments with a medium term horizon and a rate which is more stable with fewer fluctuations caused by market liquidity.
36. For information, the following table details the changes in the bank base rate:

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

Treasury Management Reserve

37. The below table shows the Treasury Management Equalisation reserve, broken down between General and Earmarked balances:

	£000s
General balances:	
Opening Balance as at 1 st April 2020 (excluding earmarked funding)	3,172
In year deficit	(200)
Capital Receipts under £10k	96
Total General Closing Balance	3,068
Earmarked balances:	
City Deal	5,334
Neath Town Centre	500
Total Earmarked Closing Balance	5,834
Grand Total Treasury Management Reserve	8,902

Performance Measurement

38. One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (as incorporated in the table in section 20). The Council's original performance indicators for 2020/21 were set out in the Annual Treasury Strategy approved by Council in March 2020.

Financial Impact

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

Integrated Impact Assessment

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

Valleys Communities Impacts

41. No implications

Workforce impacts

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

Legal impacts

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

Risk management

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

Consultation

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

Recommendation

46. It is recommended that Members note the 2020/21 treasury management function performance as set out in this report including the actual 2020/21 prudential and treasury indicators.

Appendices

Appendix 1 – Prudential Indicators

List of Background Papers

Statement of Accounts 2020/21

Officer Contact

For further information on this report item, please contact: -

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Mr Ross Livingstone, Group Accountant - Capital and Corporate
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PRUDENTIAL INDICATORS	2019/20 Actual	2020/21 Mid-Year Estimate	2020/21 Actual
Capital Expenditure	£'000 39,131	£'000 77,684	£'000 58,769
Capital Financing Requirement as at 31 st March	342,874	344,093	343,055
Ratio of financing costs to net revenue stream	% 7.04	% 6.81	% 6.63
Authorised Limit for External Debt: Borrowing and other long term liabilities	392,873	394,093	393,055
Operational Boundary for External Debt: Borrowing and other long term liabilities	372,873	374,093	373,055
External Debt (Gross)	307,872	299,148	301,612
Less Investments	(56,500)	(51,800)	(52,500)
Net Borrowing Position	251,372	247,348	249,112

Maturity Structure of Fixed Rate Borrowing During 2020/21	2019/20 Actual	2020/21 Original Estimate		2020/21 Actual
		Upper Limit	Lower Limit	
	%	%	%	%
Under 12 months	3	15	0	1
12 months to 2 years	0	15	0	9
2 to 5 years	12	40	0	4
5 to 10 years	1	60	0	1
10 years and above	84	100	15	85



NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

REPORT OF THE HEAD OF FINANCE – HUW JONES

28th July 2021

Matter for Monitoring

Wards Affected - All

TREASURY MANAGEMENT MONITORING 2021/22

Purpose of Report

1. This report sets out treasury management action and information for the first quarter of 2021/22.
2. This report will also be forwarded to the next Audit Committee in line with the Council's Treasury Management Practices Scrutiny arrangements.

Rates of Interest

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

The following table details the changes in bank rate:

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

5. The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 9th July 2021:

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 04Jan21	Current 09Jul21	Previous 04Jan21	Current 09Jul21	Previous 04Jan21	Current 09Jul21
	%	%	%	%	%	%
5-5.5 years	0.88	0.96	0.88	0.96	0.95	1.16
10-10.5 years	0.95	1.16	0.95	1.16	1.24	1.56
20-20.5 years	1.24	1.56	1.25	1.58	1.70	1.96
35-35.5 years	1.63	1.91	1.65	1.93	1.70	1.94
49.5-50 years	1.75	1.99	1.75	1.98	1.56	1.81

General Fund Treasury Management Budget

6. The following table sets out details of the treasury management budget for 2021/22 along with outturn figures for 2020/21. The budget consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

2020/21 Outturn £'000		2021/22 Original Budget £'000
19,884	Principal and Interest charges	20,083
	Investment Income	
(251)	- Total	(200)
18	- less allocated to other funds	75
(233)	Subtotal Income	(125)
(169)	Contribution from General Reserves	(291)
	Contribution to General Reserves	
(200)	Contribution to/(from) treasury management reserve	
19,282	Net General Fund	19,667

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

Borrowing

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

Investments

8. The following are a list of investments as at 30th June 2021:

<u>Counterparty</u>	<u>Value (£)</u>	<u>Investment type</u>	<u>Investment start</u>	<u>Investment maturity</u>	<u>Interest rate</u>
Aberdeenshire Council	£5,000,000	Fixed	25 th January 2021	24 th January 2022	0.18%
Derbyshire C.C.	£5,000,000	Fixed	30 th April 2021	29 th April 2022	0.20%

<u>Counterparty</u>	<u>Value (£)</u>	<u>Investment type</u>	<u>Investment start</u>	<u>Investment maturity</u>	<u>Interest rate</u>
Goldman Sachs International Bank	£5,000,000	Fixed	23 rd June 2021	23 rd December 2021	0.135%
Santander	£71,700,000	Call Account	N/A	N/A	0.10%

9. Please note – the Council’s investment criteria (TMP2 - appendix 1) allows for a maximum investment for an F1 rated counterparty to be £15m. Santander are currently an F1 rated counterparty – however, the policy also allows for this to be temporarily exceeded in exceptional circumstances. Member should note that during the COVID pandemic, this balance has been exceeded. The maximum amount placed with Santander was £117m on 9 June 2020 and the current balance invested as at 9th July 2021 (i.e. at time of writing this report) is £84.7m.

Investment Income

10. In line with the Council’s Investment Strategy, the 2021/22 original budget target for investment income is £200k, income for the financial year to date totals £44k. Due to the very low interest rates at present with base rate at 0.1%, this budget will be constantly reviewed and any unachieved income will be met from the treasury management equalisation reserve at year end, subject to the Council’s overall financial position.
11. Members should note that the majority of investments are classified as ‘specified’ i.e. up to 12 months and are currently deposited with Local Authorities and Santander Bank.
12. The Council policy will allow investments up to a maximum of £25m for periods of more than 1 year and up to 5 years, and this will be considered when decisions on investing surplus funds are made. The Council has no such investments.

Financial Impact

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

Integrated Impact Assessment

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

Valleys Communities Impacts

15. No implications

Workforce Impacts

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

Legal Impacts

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

Risk Management

18. Borrowing and investment decisions are made in line with the Council's Treasury Management Policy. The Council has appointed Link Asset Services to provide support and advice in relation to this policy. There are some risks associated with the investment with the Council's bankers, Santander, exceeding the £15m limit as approved in the policy. However, given that Santander are a major bank, that the investment is mainly placed 'on call' meaning that it can be recalled the following day. This means that this investment is a reasonable risk for the council to take at present. This will be continuously monitored, alternative investment sought and reported to members as part of the future quarterly monitoring reports.

Consultation

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

Recommendation

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

Appendices

21. Appendix 1 - Specified Investments

List of Background Papers

22. PWLB Notice Number 262/21

Officer Contact

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

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.

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