

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

10 MARCH 2016

SECTION A – MATTERS FOR DECISION

WARDS AFFECTED: ALL

BUDGET REQUIREMENT 2016-17

Purpose of Report

- 1 Following receipt of the Final Local Government Settlement information from the Welsh Government on 2nd March 2016 this report updates the 2016-17 Budget Position approved by Council on the 3rd February 2016.
- 2 This Report seeks Cabinet approval to finalise and commend to Council the Neath Port Talbot County Borough Council Budget and Council Tax for 2016-17.

Background

- 3 Due to the UK Government's late announcement of its Comprehensive Spending Review on 25th November 2015 and consequently the Welsh Government's (WG) later than usual Draft Local Government Settlement on 9th December 2015, this Council agreed to set its Revenue Net Budget at its meeting of 3rd February 2016 and finalise its Budget Requirement arising from any Final Settlement amendments to today's meeting.

Final Local Government Settlement 2016-17

- 4 The Welsh Government published its Final Local Government Settlement for Revenue and Capital Funding on 2nd March 2016 and confirmed that the Welsh Assembly is due to debate the Final Settlement on the 9th March 2016.

- 5 The Settlement provides updated information in relation to the amount of funding being provided for the Council's Revenue and Capital Budgets together with the All Wales amount available for each Specific Grant.

Revenue Settlement

- 6 The Provisional Settlement provided Councils with funding of £4.099bn, which was a cut of 1.4% on 2015-16. The Final Announcement provides Local Authorities with £4.101bn, a cut of 1.3%, following an additional provision of £2.499m as compared to the Provisional Settlement. The increase has been made available as a top up grant to those Local Authorities that faced the largest cut in funding. Whilst the average Provisional Settlement showed a cut of 1.4% three Local Authorities namely Powys, Ceredigion and Monmouth faced reductions of more than 3%. The Final Settlement provides protection to these 3 Councils so that their funding cut is limited to 3%. The additional funding has been made available from WG Resources.
- 7 The Final Settlement has also seen some minor redistribution of funds between Councils due to a correction of an error identified since the Provisional Settlement. This has resulted in a minor increase in Grant funding for this Council of £8.5k to £205.575m. It is proposed to add this sum to the Council's Contingency Budget of £1.325m thus increasing it to £1.334m.
- 8 As a result of the Final Settlement the Council can now confirm its Budget Requirement and Council Tax requirement to pay for Council Services. Attached at Appendix 1 is the Final Revenue Budget Summary Statement for approval at today's meeting. As mentioned above the only change refers to the additional £8.5k funding received as part of the Final Settlement. Members will note that the Budget Requirement for 2016-17 amounts to £270.896m.
- 9 As set out in the report approved by Council on 3rd February 2016 the 2016-17 Budget required a Council Tax Yield of £65.530m to set a balanced Budget. This was based on the council tax base of 46,538.38 and a Council Tax of £1,408.09 per Band D equivalent property. This represents an increase of 2.9% over the current year. This report confirms the requirement for this level of Council Tax to set a Balanced Budget.

- 10 The following table summarises the Council's Budget Requirement and Funding thereof for 2016-17

	£
Directorate Controlled Expenditure	226,439,000
Other Expenditure	44,457,000
BUDGET REQUIREMENT	270,896,000
Funded By:	
Revenue Support Grant	163,137,243
National Non Domestic Rates	42,437,972
Less Discretionary Rates Relief	-209,442
Council Tax	65,530,227
Total Income	270,896,000

Capital Funding

- 11 The Final Settlement confirms that the Welsh Government will provide capital funding of £142.837m, the same as the Provisional announcement, made available through capital grants of £54.037m and Supported Borrowing of £88.8m (see Appendix 2). The Neath Port Talbot Council share amounts to £7.061m, of which grant is £2.671m and supported borrowing totals £4.39m. This is £2k more than announced in the Provisional Settlement. This small variation will be taken account of as part of the in-year Capital Programme Monitoring.

Specific Grants

- 12 Attached at Appendix 3 is the updated schedule of Specific Grants. The schedule shows the Total Grants announced for the whole of Wales amount to £768.525m (£485.376m at Provisional announcement). Members will note that the Outcome Agreement Grant of £31.1m has now been transferred into the settlement and this means there is a reduction of £37.3m in those grants quantum already announced. There is one major grant announcement still outstanding relating to Concessionary Fares which has £60.5m available in the current year. The Council is still awaiting confirmation of the actual amounts to be received next year from many of these grant areas.

Welsh Government Debate on Final Local Government Settlement 2016-17

13. The Welsh Government will debate its Final Budget on the 8th March 2016 and the Final Local Government Settlement on the 9th March 2016. Should any changes arise from these debates that impact on this report and recommendations these will be brought to members attention at the meeting.

Consultation

There is no requirement for external consultation on this report. Consultation on the Council's overall Budget for 2016-17 was carried out from the 30th September 2015 to early January 2016. Specific consultation has also been undertaken on various service proposals.

Financial Impact

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

Equality impact assessment

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

Workforce impacts

There are no workforce impacts resulting from this report.

Legal impacts

The report deals with the Council's legal requirements to set a balanced budget and its council tax.

Risk management

Section 151 Officer Responsibility and Risk Management issues were set out in section 13 of the Budget 2016-17 Report approved by Council on 3rd February 2016. There are no new risks arising from this report.

Recommendations

It is recommended that Cabinet commends to Council (subject to no changes arising from the Welsh Assembly Budget debates mentioned in Paragraph 13):

- That the additional revenue settlement funding of £8.5k should be added to the previously approved contingency budget.
- That the 2016-17 Council's Budget Requirement be £270,896,000
- That the Neath Port Talbot County Borough Council's Council Tax element for 2016-17 should be £1,408.09 per Band D Property.

Reasons for proposed decisions

To fulfil the statutory requirement to determine the budget for 2016-17.

Implementation of decision

The decisions are proposed for implementation immediately after consideration and determination by Council.

Appendices

Appendix 1 – WG Final Settlement Revenue Funding 2016-17

Appendix 2 – WG Final Settlement Capital Funding 2016-17

Appendix 3 – List of WG Specific Grants 2015-16 and 2016-17

List of Background Papers

Revenue Budget 2016-17 and Capital Programme 2016-19 Reports as approved by Council on 3rd February 2016

Welsh Government Final Settlement Announcement published 2nd March 2016

Considerations from Welsh Assembly Budget debates (to be reported at the meeting).

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WELSH LOCAL GOVERNMENT SETTLEMENT 2016-17

Final Settlement Revenue Funding

Table 1a: Change in Aggregate External Finance (AEF), adjusted for transfers, by Unitary Authority

£000s

Unitary authority	2015-16 final AEF*	2016-17 final AEF plus top-up	% change	Rank
Isle of Anglesey	93,841	91,928	-2.0%	17
Gwynedd	169,847	166,951	-1.7%	15
Conwy	152,740	149,421	-2.2%	18
Denbighshire	141,294	139,608	-1.2%	10
Flintshire	187,535	184,750	-1.5%	12
Wrexham	172,036	169,768	-1.3%	11
Powys	175,692	170,421	-3.0%	21
Ceredigion	100,010	97,010	-3.0%	20
Pembrokeshire	161,375	156,894	-2.8%	19
Carmarthenshire	254,306	251,686	-1.0%	8
Swansea	310,525	307,767	-0.9%	5
Neath Port Talbot	206,637	205,575	-0.5%	2
Bridgend	189,561	187,515	-1.1%	9
The Vale Of Glamorgan	153,530	150,448	-2.0%	16
Rhondda Cynon Taf	357,009	353,775	-0.9%	6
Merthyr Tydfil	89,848	89,189	-0.7%	4
Caerphilly	265,723	263,301	-0.9%	7
Blaenau Gwent	110,959	109,252	-1.5%	13
Torfaen	131,538	129,299	-1.7%	14
Monmouthshire	94,379	91,548	-3.0%	22
Newport	210,565	209,142	-0.7%	3
Cardiff	426,860	426,303	-0.1%	1
Total Unitary Authorities	4,155,809	4,101,551	-1.3%	

WELSH LOCAL GOVERNMENT SETTLEMENT 2016-17

Final Settlement Capital Funding

Table 2a: Breakdown of General Capital Funding (GCF), by Unitary Authority, 2016-17

£000s

Unitary authority	General Capital Funding 2016-17 (1)	General Capital Grant (2)	Unhypothecated Supported Borrowing (3)=(1)-(2)
Isle of Anglesey	3,532	1,336	2,196
Gwynedd	6,652	2,516	4,136
Conwy	5,497	2,080	3,417
Denbighshire	4,871	1,843	3,028
Flintshire	6,728	2,545	4,183
Wrexham	5,661	2,142	3,519
Powys	7,491	2,834	4,657
Ceredigion	4,694	1,776	2,918
Pembrokeshire	6,065	2,294	3,771
Cardiganshire	9,409	3,559	5,850
Swansea	10,246	3,876	6,370
Neath Port Talbot	7,061	2,671	4,390
Bridgend	6,296	2,382	3,914
The Vale Of Glamorgan	5,421	2,051	3,370
Rhondda Cynon Taf	11,164	4,223	6,941
Merthyr Tydfil	2,622	992	1,630
Caerphilly	8,027	3,037	4,990
Blaenau Gwent	3,198	1,210	1,988
Torfaen	4,325	1,636	2,689
Monmouthshire	3,861	1,461	2,400
Newport	6,520	2,467	4,053
Cardiff	13,496	5,106	8,390
Total Unitary Authorities	142,837	54,037	88,800

Appendix 3

WELSH LOCAL GOVERNMENT SETTLEMENT 2016-17

Final

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

Existing Grant name	2015-16	2016-17	Change
£m			
Communities and Tackling Poverty			
Supporting People ⁵	123.688	124.400	0.712
Flying Start Revenue Grant ⁵	77.401	76.051	-1.350
Families First ⁵	43.422	38.352	-5.070
Communities First (Clusters)	27.540	27.540	0.000
Cardiff Bay Legacy Funding	6.253	6.146	-0.107
Communities LIFT ¹	0.947	0.980	0.033
Community Cohesion Grant ³	0.360	0.360	0.000
Town Centre Partnerships	0.422	0.220	-0.202
Remploy ESG	0.213	0.115	-0.098
Communities First Pupil Deprivation Grant ²	1.601	0.000	-1.601
Economy, Science and Transport			
Bus Services Support Grant	25.000	25.000	0.000
Young Persons Discounted Bus Travel Scheme/Youth Concess. Fares	5.000	9.750	4.750
Bus Revenue Support (Traws Cymru)	1.500	2.187	0.687
Road Safety Grant ⁵	2.000	2.000	0.000
CyMAL	1.693	1.254	-0.439
Youth Entrepreneurship in FHE ^{1 3}	0.926	0.819	-0.107
Bus Revenue Support	0.550	0.413	-0.137
SBRI Innovation Catalyst Programme - Local Authorities	0.600	0.200	-0.400
Wales Transport Entitlement Card	0.200	0.200	0.000
Travel Plan Co-ordinators	0.125	0.125	0.000
NDR Retail Relief Scheme ^{2 5}	17.674	0.000	-17.674
NDR Open for Business Scheme ^{1 2}	0.250	0.000	-0.250
Concessionary Fares Scheme ⁵	60.500	N/A	N/A
New Developments	0.395	N/A	N/A
Education and Skills			
Education Improvement Grant for Schools ³	142.594	134.000	-8.594
Post-16 Provision in Schools ⁵	104.544	101.074	-3.470
Pupil Deprivation Grant ³	81.457	89.246	7.789
Schools Challenge Cymru ^{1 3}	15.600	15.000	-0.600
Adult Community Learning ⁵	3.737	3.811	0.074
Youth Work Strategy Support Grant ⁵	2.756	2.756	0.000
Out of School Childcare Grant ⁵	2.300	2.300	0.000
School Uniform Grant ⁵	0.742	0.742	0.000
International Education Programme ¹	0.665	0.665	0.000
Welsh Language Promotion & Facilitation (LA Element) ¹	0.375	0.401	0.026
Development of the Seren Network ^{1 3}	0.300	0.100	-0.200
Business Improvement Districts	0.203	0.045	-0.158
Mentoring & Networking Support for Head Teachers ^{1 3}	0.093	0.033	-0.060
Learning In Digital Wales ^{2 3}	0.250	0.000	-0.250

Appendix 3

Existing Grant name	2015-16	2016-17	Change
First World War Commemoration ^{1 5}	0.214	N/A	N/A
Finance and Government Business			
Heads of the Valley & Bridgend Effect Project ^{1 2}	0.219	0.000	-0.219
Health and Social Services			
Substance Misuse Action Fund ³	22.663	22.663	0.000
Social Care Workforce Development Programme ⁵	7.149	7.149	0.000
Delivering Transformation Grant ³	2.770	2.830	0.060
Deprivation of Liberty Safeguard ^{1 3 5}	0.200	0.230	0.030
Natural Resources			
Single Environment Grant ⁵	67.310	64.320	-2.990
Animal Health & Welfare Framework ^{1 2}	0.500	0.000	-0.500
Ceredigion Oil Buying Syndicate ²	0.059	0.000	-0.059
Private Water Supply Risk Assessment ^{1 2}	0.004	0.000	-0.004
Public Services			
Youth Crime Prevention Fund	4.900	4.420	-0.480
Domestic Abuse Service Grant - CORE	1.244	0.608	-0.636
Armed Forces Day Funding	0.020	0.020	0.000
Local Service Board Development Grant (LSB) ^{2 5}	0.669	0.000	-0.669
Regional Collaboration Fund ^{2 3}	5.174	0.000	-5.174
Successor Outcome Agreement Grant ^{2 4 5}	31.100	0.000	-31.100
All Grants	898.071	768.525	129.546
All Grants (excluding NA)	836.962	768.525	-68.437

Note: The information shown above details the grants where the amount that Total Wales will receive in 2015-16 and estimated amounts for 2016-17 are known. It is important to note that amounts for future years are indicative at this stage and are liable to change.

Formal notification of grant allocations is a matter for the relevant policy area.

N/A = figures not available at time of publication

1. New Grant in 2015-16
2. Grant Ending in 2016-17
3. Grant is paid on a regional basis
4. Transferring into Settlement for 2016-17
5. Grant Paid to All 22 Local Authorities

Appendix 4

Revenue Budget Summary - Updated for Council 10 March 2016

	2015/16 Original Budget £'000	2015/16 Revised budget £'000	2016/17 Original budget £'000
Directly Controlled Expenditure			
Education, Leisure and Lifelong Learning	101,584	101,376	103,208
Social Services Health and Housing	79,946	79,931	75,138
Environment	28,542	28,431	31,458
Corporate Services	17,056	17,186	16,635
Total Directly Controlled Expenditure	227,128	226,924	226,439
Levies			
Swansea Bay Port Authority	51	51	52
Fire Authority	6,797	6,797	6,851
Margam Crematorium	2	2	2
Contributions			
Archives Service	96	96	97
Magistrates Court	19	19	19
Other Expenditure			
Capital Financing (net of interest receipts)	16,826	17,080	16,408
Council Tax Support	17,436	17,436	17,404
Contingency	610	560	1,334
Pay and Pensions Provision			1,511
Contingency - Management of Change	800	800	800
Contribution from Fire Authority Reserve	-21	-21	-21
NET REVENUE EXPENDITURE	269,744	269,744	270,896
Improvement Agreement Grant	-1,452	-1,452	0
BUDGET REQUIREMENT	268,292	268,292	270,896
INCOME			
Revenue Support Grant	164,447	164,447	163,137
National Non Domestic Rates	40,630	40,630	42,438
Discretionary Rates Relief	-176	-176	-209
Council Tax	63,391	63,391	65,530
TOTAL INCOME	268,292	268,292	270,896