

CABINET
1st OCTOBER 2014

REPORT OF THE CORPORATE DIRECTORS GROUP
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Part 1

Purpose of the Report/Introduction

1. To explain the scale of the budgetary challenge facing the Council; the component parts; the principal reference points (including the legal duty to secure continuous improvement¹); the proposed process/timetable and proposals for addressing the situation.
2. **It is important to underline that this report does not invite Members to set next year's budget now**; but subject to their guidance, consultation with citizens, equality impact assessments and other matters, Part 2 and Appendix 1 of this report outline the main savings proposals that officers propose to include in the Budget report to Council on 4 February 2015 (or alternatives of equal monetary value) to ensure that the Council meets its legal duty to produce a balanced budget.
3. The consensus of the Corporate Directors Group is that there are no significant and deliverable areas of savings that have not been explored or are not currently being explored. Accordingly the room for manoeuvre, in our view, is strictly limited.

Background

4. There is little to be gained from outlining at length the history of the current climate of austerity. It has already been well documented over a period of several years. The two essential points are that UK Government's significant cuts to public spending are set to continue for the medium term and the Welsh Government's relative protection of local authority expenditure came to an end in 2014/15.
5. Going forward it is highly likely that, within the constraints of its finite budget, the Welsh Government will prioritise spending on the NHS over local government. This was reflected in a letter from the former Local Government Minister of 24 June when she warned Councils to expect reductions of up to 4.5% in revenue budgets for 2015/16. **The assumptions/estimates in this report are largely based on that figure. It would not be prudent to do otherwise.** Accordingly, we anticipate cuts of this magnitude when the Welsh Government publishes the provisional Local Government Settlement on 8 October. **It is also important to note that even if the totality of these proposals were**

¹ Under the Local Government (Wales) Measure 2009 – see Part 2 below also

implemented, the Council would still be some £2.8 million short of a balanced position currently. The position will therefore need to be reviewed again once the provisional settlement is published.

6. Table 1 below summarises the current position for the Council and how it has evolved since Members set the 2014/15 budget on 30 January. The bottom line is that having taken out some £17 million then, the Council faces more or less the same challenge this year.

Table 1- £m

	14/15	15/16	16/17	17/18	Total
Budget Gap Jan 2014	17.3	9.5	5.6	5.9	38.3
Budget Gap Sept 2014	0	22.8	14.9	11.7	49.4
<i>Directorate Savings</i>	n/a	-7.0	-1.9	-1.0	-9.9
<i>Central Savings</i>	n/a	-1.1	-1.1	-1.0	-3.2
<i>Remaining Gap</i>	n/a	14.7	11.9	9.7	36.3

How has this position evolved?

7. Table 1 demonstrates that the estimated budget gap has risen by over £13m for 2015/16 and by over £28m for the three years to 2017/18. There are two reasons for this: a sharp increase in the level of projected cuts and additional pressures which impact negatively on the budget position.
8. First, the projected level of cuts. The original Welsh Government indicative figure for 2015/16 was a 1.5% cut in the Revenue Support Grant (RSG); but it has been clear for some time that this would not represent the reality. Officers therefore updated the assumption to -3% earlier this year and the Minister's letter increased it by half as much again. For subsequent years, previous indications of zero to -1% have been replaced by an estimated 3% cut per annum. Headline figures can also be misleading. Previously, transfers in and out of the RSG and formula changes (largely based on population) worked against the Council and represented approximately a further 1% cut in actuality. We await the details for 2015/16.
9. As each percentage point reduction represents more than a £2 million loss of revenue, the cumulative effect is to increase the deficit by £9m million for 2015/16 and an additional £20m over the three year period.

10. Second, additional pressures. These take a number of forms. The Director of Finance listed them in detail at the Member Seminars in July and, for the current year, in the Budget Monitoring report for the first quarter. The following list is not exhaustive; but highlights the main pressures:

- Pay (2% per annum); general inflation (2% per annum); LGPS and Teachers Pension costs (increasing by 1.5% and 2.3% respectively over the three year period) plus various contracts by either the Consumer Prices Index (CPI), the Retail Prices Index (RPI) or a combination of both. The cumulative effect here is to increase the deficit by another £20m over the three year period;
- Internal budget pressures e.g. Home to School Transport plus increases in out-of-county placements and Care Home Fees. Other factors also have an influence including changes in pupil numbers;
- Previous Forward Financial Plan (FFP) savings not delivered in full e.g. the maintenance of sports fields;
- UK Government changes to national insurance abatement regulations (this alone will cost the Council £1.4m and schools an additional £1.7m in 2016/17);
- In year cuts to Welsh Government specific grants including Sustainable Waste Management plus reductions to a range of education grants expected shortly. Increasingly, it is difficult for the Council to rely on Welsh Government figures as they are subject to change and are published very late in the budget cycle (or not at all in some areas) making service planning difficult. Against this background, it may prove necessary in future to make assumptions that only part of any initial grant award will be available and reduce provision accordingly. The Council cannot commit to a level of service when the resources available to support it are so uncertain; and
- This analysis currently excludes additional initiatives that may increase the pressure because they are uncosted or the full cost remains unclear e.g. the two year extension of the Council Tax Reduction Scheme and the implementation of the Social Services and Well-Being Act. Across the full range of Council functions, a common feature is that the level of statutory duties continues to increase whilst the resources to deliver them goes the other way. Moreover, despite the policy emphasis on (largely local government)

preventative services, the national budget priorities are clearly reactive services (e.g. hospitals).

11. The sum total of the cuts and additional pressures (carefully reviewed by officers over the summer) explains how the situation has worsened significantly. Table 2 captures the position below:

Table 2- £m

	2015/16	3 years to 2017/18
Welsh Government Cuts	9	20
Inflation and Pay Awards	7	20
School Protection/Pupil Numbers	1	4
National Insurance/Pension	1	5
Legislation/Court	1	1
Social Care Pressures	2	3
Other Services Pressures	2	5
Less savings from prior years		-8
Funding Gap	£23m	£50m

How have officers approached the task: Priorities and Values?

12. As last year, our starting point was the Council's Corporate Plan 2014-17. Not everything can be a priority; but the retention of our six improvement objectives (listed below in Table 3) provides important continuity of purpose. However, the context has changed in certain respects due to the extent of the ongoing cuts.

Table 3

1. Improve outcomes for children in need and children looked after by improving the performance of the Council's Children and Young People Services Department.	This remains our joint top priority; but can no longer be exempted from the requirement to produce savings (see Part 2 below).
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2. Raise educational standards and attainment for all young people.	Our other joint top priority. Some protection is retained; but less than previously as large cuts have already been made/or are proposed in the area of Leisure and Lifelong Learning.
3. Maximise the number of adults who are able to live independently with or without support within the home of their choice within their community.	The Western Bay collaborative seeks to improve and integrate services; but local changes to the delivery of services are also essential.
4. Support and invest in our town centres and communities to promote economic growth, regeneration and sustainability to maximise job opportunities and improve access to employment.	Increasingly, the objective will be to continue to lever in resources from elsewhere as the Council does not have the money itself. This is a continuation of an existing approach e.g. Neath Town Centre.
5. Increase the percentage of waste recycled and composted.	The next target is 58% by 2015/16. The roll-out of our Waste Strategy is proceeding (within the constraints of reduced grant funding – see above).
6. Improve customer/citizen access to services and functions provided by the Council, or on behalf of the Council, and to improve the efficiency of those services and functions.	This is increasingly about better services from fewer buildings, transferring more services online and bearing down on the costs of employment (e.g. sickness absence).

13. Certain values, clearly articulated by Members over time, have also guided officer thinking. These include the following:

- The Council's business is to protect the vulnerable and disadvantaged and invest in our young people to the maximum extent possible. This remains a touchstone for our approach;

- However, such has been the impact of cuts in previous years on “visible services” (largely run by Environment Directorate e.g. grass cutting, winter maintenance and school crossing patrols) and the level of public concern, this package of proposals does not contain further disproportionate cuts in these areas. Further savings are necessary; but the focus is equally on the other two front-line Directorates and the corporate centre as they now account for over 80% of the Council’s revenue budget between them;
- The Council provides public services for public benefit. However, it is clear that it will be difficult to sustain some in-house services in the short to medium term. Although invariably high quality, they are also higher cost and, if retained in-house, could well result in greater cuts being made to other services. These include the following (and need to be read against the section of this report at page 16 below entitled “The Impact on Council Staff”):
 - Adult Social Care where the Council is engaged with the Wales Council for Voluntary Action (WCVA) and NPT CVS to create a not-for-profit Social Enterprise model or Local Authority Trading Company (LATC) for the future delivery of services. This would involve the transfer of Council services to the Social Enterprise and, over time, reclaiming contracts from the independent sector where providers prove unable to meet the increasing complexity of service user needs (thus freeing up resources by eliminating the profit element in these contracts). It would also be predicated upon protecting existing terms and conditions to the maximum extent possible and for as long as possible. Thus, public value is secured from a different model;
 - Some services are increasingly uncompetitive e.g. the Print & Graphics Unit recently lost the last of its major external contracts;
 - The Welsh Government is changing its own service models e.g. consulting on a new arms-length model for the South Wales Trunk Road Agency (SWTRA);
 - An expansion of the remit of Celtic Leisure to include a greater range of Council services; and
 - Delivery of services by third parties (e.g. adult community learning – see Part 2 below).

14. Basically, the longer the status quo prevails, the greater the risk to employment. Not all these changes are deliverable by 1 April 2015; but some will be needed during the course of the next financial year. A further report will be submitted to the Cabinet on more detailed options for future service delivery.

How does this process stand up against external assessment?

15. The basis for this analysis is the Auditor General's report of 28 January 2014. This summarised how Councils in Wales were responding to the budgetary challenge. A summary of the key findings are reproduced in the table at Appendix 2 with the Council's self assessment alongside. Many of these issues will be covered in the Corporate Assessment of the Council conducted by the Wales Audit Office (WAO) earlier this year (that report is imminent); but they are relevant here as context - and several are factors in this report.

The Budget process going forward

16. Against the background described above, there are a number of considerations which need to be taken into account:

- This report assumes that savings identified in the Forward Financial Plan (FFP) 2013-18 will be delivered. The proposals here are, by necessity, on top of existing savings – not instead of them. Appendix 1 lists the new savings; but an updated version of the FFP as a whole will be submitted to Council in due course;
- It is essential that the Director of Finance (and the Corporate Directors Group) is in a position immediately after Christmas to offer Members definitive advice to finalise the 2015/16 Budget, including the level of Council Tax going forward. It is therefore necessary to secure guidance from Members now;
- Some key reports have already been presented to the Cabinet Scrutiny Committee and Cabinet² – and further reports are in the pipeline. A further Member Seminar took place on 25 September;

²A range of reports have been/or will shortly be presented to Cabinet and the Cabinet Scrutiny Committee. These have broadly been grouped by Directorate. Those covering the Environment Directorate and Corporate Services on 10 September; Education and Lifelong Learning Directorate on 25 September and Social Services Health & Housing subsequently.

- A new departure this year was the Partnership Event on the Budget which was held on 8 September with more than 100 people in attendance. In addition to Members, a range of key partners were invited including all of the Local Service Board (LSB), other partners, Trade Unions, the regulators and others. The outcomes from the Event have informed this report and will do so equally in subsequent discussions in, for example, Scrutiny Committees;
- Extensive consultation is necessary with service users, partners, staff and trade unions on a range of issues. This dialogue is a two-way street - not just the Council initiating the discussion and there is national guidance to support this in some areas³;
- In terms of the workforce, the Staff Council remains a key forum for dialogue; but other meetings have been organised with trade unions and Joint Consultative Committees will also continue;
- The Leader of Council has put in place strengthened Scrutiny and governance arrangements (see the report to Council dated 2 July 2014). These are particularly relevant to the Budget process where Scrutiny Chairs are now developing their own work programmes in response so as to inform final decisions in the New Year;
- The Council must have regard to equality impact assessments in all decisions. Work is ongoing to ensure that budget proposals are assessed against guidance from the Equality and Human Rights Commission (EHRC). With this in mind, the Council also held a Community Cohesion event on 18 September (involving partners such as Cytun, the BME and LGBT Forums; the Older Persons Council and the Disability Network Advisory Group); and
- Typically, a three month notice period is required for service contracts with third parties. It is only fair and reasonable to allow those who may have reduced funding time to plan for a change of circumstances by notifying them early with the caveat that final decisions may not have been taken. The alternative would be last minute, short notice, remedial action providing no opportunity to properly plan for 1 April 2015. This is not in the interests of service users, partners or the Council and it has previously led to legal challenges to the decision making process elsewhere.

³ The Older Person's Commissioner for Wales "Effective Engagement with Local Authorities Toolkit for Older People": July 2014 (distributed in NPT through the Older Persons Council)

Part 2

What it means for Council Services

17. This section of the report explains the detail of the proposed cuts listed in full at Appendix 1 and grouped by Directorate.

18. The analysis that follows should be prefaced by three comments (which were relevant last year and are equally applicable now):

- It is not possible at this stage to identify the precise impact on an area or electoral ward because final decisions have not been taken. The principle is that services will be sustained to the maximum extent across the County Borough; but ever since the inception of the FFP in 2008/09 the Council has adopted a “use it or lose it” approach to service delivery which is in sharper focus now;
- There is no point in pretending that the impact will not eventually be felt in terms of performance in some areas. In key areas of the Corporate Improvement Plan, performance continues to improve (e.g. children’s services on the 8 priority measures agreed with CSSIW and on recycling); but elsewhere performance is more variable. With much less money and fewer staff, some services will stop (e.g. tourism services and special events last year) and others will take longer to deliver;
- Some commentators predict that as the squeeze continues the ability of Councils to meet statutory duties will be at risk. Some policy makers seem to regard the existence of statutory duties as a guarantee of service delivery. This is wrong; but Council staff have demonstrated their professionalism and commitment time and again in difficult circumstances. This is evidenced by the latest (2013/14) all-Wales performance data. The Council has 18 indicators (out of 44) in the top quartile compared to 10 the previous year whilst the position in the bottom quartile is the exact reverse. At the time of writing, a full report was scheduled for the Policy & Resources Scrutiny Committee and Council shortly; and
- What follows is not an exhaustive list. There are further details in the appendices; but additional cuts will be needed if these savings are not delivered and/or the overall position deteriorates further. On the other hand, all of what follows is subject to the on-going

consultation and statutory processes described above and cannot therefore be regarded as definitive.

- 19. Again, whilst not seeking final decisions now, Members are invited to note that this analysis is also based on a Council Tax increase of 4.99% for 2015/16. This is the maximum permissible before the Welsh Government's "cap" would very probably be applied.**

Environment

20. The key issues were reported to Cabinet and Cabinet Scrutiny Committee on 10 September; but are summarised below for completeness.
21. It is proposed to end all local authority bus subsidies (saving £234,000). This proposal is currently out for public consultation; but there are wider, more fundamental, policy issues alluded to in Part 3 of this report below.
22. At Gnoll Country Park, the proposal here is to reduce the subsidy/increase charges to reduce the budget by £142,000 per annum.
23. On Biodiversity and Countryside, there would be an £88,000 cut in funding for this activity. This reduces the services to align more with statutory requirements.
24. It is proposed to remove the subsidy on the two staff canteens in Port Talbot and Neath on the basis that there are alternative outlets nearby for staff to use (saving £100,000). This could involve closure of both if the subsidies cannot be removed in another way. Effectively, these facilities compete with local businesses in both the Aberafan Centre and in Neath Town Centre. The option of also closing the Quays canteen has been discarded as the above considerations do not apply and there is no subsidy involved.
25. As one off (non-recurring) income generation, the Council proposes to dispose of a limited number of paintings and artefacts plus Twyn yr Hydd House. Earlier proposals to find an alternative use for the latter (e.g. a training centre) have not proved commercially viable. Together, these disposals could raise approximately £1 million.

Education, Leisure & Lifelong Learning

26. Budgets here are being squeezed by a number of factors (in addition to those outlined above). The 1%+ commitment – see below – and the requirement to increasingly delegate to schools in recent years (the figure is now at 84%) means that there is much reduced resource available to fund central services which were previously provided to schools free or heavily subsidised. The scope for realising savings on the non-schools proportion of the total budget (approximately 25%) is also very limited and a number of measures have already been introduced in these areas (e.g. the transfer of libraries to the community). These proposals were reported to Cabinet Scrutiny and Cabinet on 25 September, where more detail is to be found.
27. Against this background, the proposal is to reduce funding to schools to a level where the commitment to provide 1% above the settlement received by the Welsh Government from Westminster is met at least over the totality of the current National Assembly term. This produces a saving of £774,000 on the schools delegated budget.
28. Various school-based and central services would be cut. These include outdoor education (field studies); the Physical Activity and Sport Service (PASS); music tuition; the school counselling service; governor training, school cleaning and minor school adaptations. The cost of the Welsh translation service would be recovered from other budgets. These (and other measures) would realise approximately £750,000 of savings. In addition, funding streams including Families First would be reduced to save a further £80,000.
29. Youth Service provision would be cut to save £100,000 with the focus in future on areas of greatest identified need (largely the most deprived areas);
30. A further £190,000 of savings have been identified in the Library Service including the decommissioning of a mobile library.
31. The Summer Play Schemes would cease saving £90,000.
32. Adult Community Learning provision would transfer to NPTC Group (NPT College). Welsh Government funding was cut by circa 25% for the current financial year. This won't save money of itself; but with large cuts expected again for next year and the service, as currently configured, is no longer viable.

33. The Leisure Trust subsidy would be reduced by the closure of Cymmer Swimming Pool and Hengwrt Barn where usage/footfall is very low. At Pontardawe Swimming Pool, the facility is reaching the end of its natural life despite high usage. The cost of repairs – at over £2m – is unaffordable. Any future replacement depends, in part, upon the robustness of the Council's new contract with Celtic Leisure and the ability of the Trust to generate sufficient surpluses to fund future borrowing⁴.
34. Other leisure/arts services would face cuts totalling some £300,000. Those affected include the Gwyn Hall, the Princess Royal Theatre, Pontardawe Arts Centre and grants to various community and voluntary organisations.
35. Community and other facilities would also be closed, scaled back or transferred to third parties during the course of the next financial year. This would save some £400,000.

Social Services, Health & Housing

36. On Children's Services, a year-on-year target reduction of 26 Looked After Children (LAC) per annum is proposed. This is something the Council has delivered during the last year and should continue to aspire to regardless of the budgetary position. The Council has had far too many LACs at double the Welsh average and three times the English average. Hence the emphasis on better working relationships with the courts and improved permanency planning in the intervening period. Whilst the care of LACs has been (and always will be) the guiding priority; a reduction in numbers is now essential for budgetary reasons also as LAC placements are very expensive, particularly the out-of-county variety. A reduction of 26 would yield annual savings of approximately £700,000.
37. The Transforming Adult Social Care (TASC) programme has been at the heart of the Council's change programme for several years. The cost of these services is £44m annually plus managements costs of £5.6m. A number of initiatives are proposed.
38. Strengthened contracting and commissioning arrangements to ensure optimal outcomes and value for money. This is an area of significant

⁴ NB A separate report on the renegotiation of the Council's contract with Celtic Leisure will follow, although the contract will allow for the Council to vary the provision of services provided by the Trust.

weakness in the past where further improvements must be made. It is also linked to the Western Bay programme.

39. The Director of Social Services, Health and Housing is developing restructuring options designed to save an estimated £1.2m per annum on the costs of production.
40. The Council consulted widely on modernising day services and service user assessments are now complete. These changes are now being implemented and the target saving is approximately £500,000 per annum.
41. In other related services, proposals are being put forward to save a further £500,000+. These include Mental Health plus “Pathways To Independence” - including placement budgets and a significant increase in those service users utilising direct payments (currently less than 10%; but needs to be at least 40% by the end of 2015/16).
42. The Integrated Community Care teams (the Western Bay business case was approved in May 2014) are likely to attract further support from the Intermediate Care Fund or its successor.
43. A further £250,000 saving is targeted from the new Supporting People Commissioning arrangements.
44. The decommissioning of the under-occupied and out dated Gelligron residential and respite unit realising savings of £200,000 per annum.
45. Further reports will be submitted to Cabinet/Cabinet Board as required.

Corporate or cross-Directorate

46. ***Senior Management/Trade Union facility time***: Continuing the trend of recent years, reductions in senior management posts are proposed. In the ELLL department, 3 Heads of Service would be reduced to 2. In the Environment Directorate, 4 would be reduced to 3. In addition, the newly appointed Head of Human Resources has been advised that one senior management post would be lost as an indirect consequence of her promotion. It is also proposed to achieve a saving in relation to the Council’s trade union facilities time agreement by reducing or discontinuing one full-time Green Book secondment position and by

reducing some time off arrangements for teaching association representatives (funded by the ELL Directorate).

- 47.***Sickness absence:*** It is proposed to introduce tougher improvement targets for areas of the Council⁵ where the level of sickness persists above the Council average of 9.19 days. The additional cost of those services with above average sickness rates is £1.2 million per annum and this is a significant factor in why many of these services are increasingly uncompetitive. The Council cannot sustain this position and the target saving is £500,000 per annum.
- 48.***Procurement:*** There are a range of savings proposed across service areas (notably in Social Services) designed to reduce expenditure on goods and services.
- 49.***Digital/Online services:*** What this means is a move towards more on line services with less telephone and face-to-face contact. Public information would be produced in downloadable format not printed and new technology in the call centre to promote this way of working.
- 50.***Other issues:*** It is proposed to reduce opening hours for the cashiers' service in line with a move to more on line services. That would realise a saving of £50,000.
51. There are a range of savings proposals covering ICT, legal services, financial services and others (although the Welfare Rights Team is currently exempt) plus further cuts to CCTV, customer service functions, stationery and other minor budgets. These would realise £300,000 plus.
- 52.***Reserves:*** Officers have conducted a full analysis of reserves (both specific and general). There has been media comment suggesting that at a total of £700 million across Wales, there is considerable scope for Councils to deploy these reserves to alleviate the need for cuts.
53. Whilst a judicious use of reserves has a part to play (they did last year and will continue to be applied to funding the VR scheme), this analysis is flawed for three main reasons:

- First, the Auditor General has said⁶:

⁵ ELLL (Schools, Catering & Cleaning and other support services); Community Care & Housing; Engineering & Transport; Property & Regeneration and Street Care.

⁶ Report of 28 January at paragraph 1.6 – see list of Background Papers.

“A growing concern is that some authorities may be over-relying on balancing their budgets by using reserves, rather than restructuring services to reflect budget reductions”

The implication is clear. Councils who over-deploy reserves can expect criticism or even intervention in extreme circumstances.

- Second, as Table 2 above illustrates, the projected level of the Council’s budget gap over the next now exceeds the total level of reserves anyway; and
- Third, reserves by their very nature are non-recurring. Accordingly, they do not solve budget problems and, to a large extent, only “kick the can down the road”.

The Impact on Council Staff

54. Appendix 1 contains a column identifying the number of posts at risk, and full-time equivalents, as a consequence of the savings proposed.

55. So far, the Council has largely avoided compulsory redundancies (outside of schools) mainly as a consequence of the 2013 Workforce Agreement; but each passing year and the increasing magnitude of the cuts makes that job harder. However, this remains the objective and the Council will continue to deploy its Voluntary Redundancy scheme (recently modified and re-launched); restrict recruitment to essential exceptions only and continue to apply redeployment policies in an attempt to achieve that goal. **However, it should be noted that whilst the Council’s priority is to protect jobs, the trade unions nationally see the priority as to protect terms and conditions.** Doing both is next to impossible in the circumstances we face as staff costs account for some 60% of the Council’s total budget.

56. In line with a commitment given to the trade unions, officers have reviewed the position on the implementation of the Living Wage (currently £7.65 per hour outside of London); but have concluded that it is not affordable in the current financial climate as a straight additional cost (although an alternative mechanism for achieving it is identified in Part 3 of this report below).

Part 3

Savings considered but not included in the proposals

57. The purpose of this section is to illustrate the full extent of the work done by officers over the summer period by listing some areas which have been explored but, for the reasons explained, **NOT** included in the package of savings proposals:

Reducing Social Services Expenditure to the Standard Spending Assessment (SSA) levels	This would produce major savings; but would represent too blunt an instrument and potentially risk service delivery and the discharge of statutory obligations.
Further cuts to delegated schools budget	The 1%+ commitment described in this report is essentially political not legal; but failure to meet it is likely to result in criticism of the Council.
A reduction in the Council's working week from 37 to 36 hours per week	Possible savings of up to £2m p.a. (part of which could be used to fund the implementation of the Living Wage – see above). This is likely to be strongly opposed by staff and the trade unions as it would involve a reduction in pay of 2.7% at a time when Unison, GMB and Unite members are nationally taking strike action to secure an improvement in this year's national pay offer of circa 1%. Implementation of this measure in NPT would require a collective agreement (through trade union ballots) or unilateral imposition through dismissal and re-engagement.
Declining Welsh Government funding where the cost of delivering the service exceeds the funding to deliver it.	The Concessionary Fares scheme is one example. This costs the Council £300,000 more than we receive to administer. This is unsustainable and, arguably, the cuts in these subsidies (national and local) question the future viability of the scheme.

<p>Redirecting Community Benefit Funds (e.g. wind farms) to sustain front-line public services</p>	<p>This may be an option in future; but the rules around existing funds largely preclude the option. There would be strong localised opposition in all probability; but the argument in favour is that there is no point in funding new services if existing ones are being lost.</p>
<p>Collaboration</p>	<p>Some initiatives are important and others will be taken forward for non-financial reasons; but increasingly the cost of participation in most Beecham/Simpson-style activities is greater than any return.</p>
<p>Further closures of community and leisure facilities based upon building conditions and usage</p>	<p>For example, the Vale of Neath Leisure Centre where usage has dropped sharply.</p>
<p>Withdrawal from the Welsh Local Government Association (WLGA) and other subscriptions</p>	<p>Savings could total £100,000+; but subscriptions typically involve a notice period, so many are not deliverable for 1 April 2015 in any event.</p>

Part 4

Recommendations

That Members:

- 1.(a): Note the extent of budget shortfall facing the Council for 2015/16 and the three years to 2017/18, based upon Part 1 of this report;
- 1(b): Note that officers will provide further advice based following the Provisional Local Government Settlement on 8 October 2014 and the Final Local Government Settlement on 10 December 2014 where the proposals in this report may need to be modified;
- 1(c): Comment, as thought fit, on the various assumptions and analysis contained in this report (Parts 1 to 3);
2. Agree that officers prepare a budget proposal to bridge this gap informed by the analysis in Part 2 of this report (or alternatives of equal monetary value);
3. Authorise officers to conduct the various consultation/engagement processes with service users and external partners plus Trade Unions and staff to be completed by Christmas to enable the Council to achieve a balanced budgetary position in the New Year; and
4. Refer this report to the Scrutiny Committee Chairs for further discussion as thought appropriate (including the next meeting of the Policy & Resources Scrutiny Committee).

Reason for Proposed Decisions

To achieve a balanced budget position for 2015/16 and discharge the Council's statutory duties in this regard and those of the Section 151 officer.

Appendices:

1. List of Proposed Budget Savings 2015/16
2. Council self assessment against the Auditor General's report on factors local authorities should take account of in responding to the budget challenge

List of Background Papers (in chronological order)

Modernising Day Services Business Case: Social Care, Health & Housing
Cabinet Board: 12 December 2013

Meeting the Financial Challenges Facing Local Government in Wales:
Wales Audit Office: 28 January 2014

Social Services Health and Housing Cabinet Board: Western Bay
Community Services Business Case: 14 May 2014

Strengthening and Modernising Arrangements in Neath Port Talbot
County Borough Council: Report to Council 2 July 2014

Letter from Lesley Griffiths AM: 24 June 2014

Letter from the Chief Executive to Elected Members: 11 July 2014

Presentation by the Director of Finance & Corporate Services to the
Member Budget Seminars: 14 & 17 July 2014

Budget Monitoring Report (Quarter 1) – Cabinet & Cabinet Scrutiny: 30
July 2014

Corporate Improvement Plan: 2014-17

Cabinet/Cabinet Scrutiny Committee Agendas and reports: 10 & 25
September 2014

Wards Affected

All

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COMPLIANCE STATEMENT

A Budget Strategy for 2015/16

(a) Implementation of Decisions

The decision is proposed for implementation after consultation with the relevant Scrutiny Committee and consideration and approval by Cabinet.

(b) Sustainability Appraisal

Economic Prosperity	-	Negative
Education & Lifelong Learning	-	Negative
Better Health & Wellbeing	-	Negative
Environment & Transport	-	Negative
Crime & Disorder	-	Negative

Other Impacts

Welsh Language	-	Probably negative
Sustainable Development	-	Probably negative
Equalities	-	Negative
Social Inclusion	-	Negative

(c) Consultation

These matters are subject to comprehensive internal and external consultation as discussed in the report.