



CABINET

25 JUNE 2020

REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES – H.JENKINS

Matter for Decision

Wards Affected – All Wards

BUDGET UPDATE AND MONITORING REPORT 2020-21

Purpose of Report

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

- Additional funding announcements provided by the Welsh Government.

Members will note that in some instances the “overspend” is due to or mainly due to loss of income in that particular service area, whilst for others the cause is due to additional costs. The Welsh Government has announced £78m to be made available to cover loss of income for the first quarter i.e. April to June 2020, but we are awaiting full terms and condition details of this grant reimbursement. It is unlikely that all the income loss will be recoverable but the report assumes that we will receive £2m to cover income loss for the first quarter of the financial year.

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

Authority Summary and Background

- 4 The COVID19 pandemic has had a significant impact on Council services, the costs incurred and income generated.
- 5 The projections included in the report are based on costs/income to the end of May, and include assumptions regarding the time scales within which services will resume following the COVID19 lockdown.
- 6 It is extremely difficult to accurately project the year end position given the highly volatile nature of the circumstances surrounding the pandemic. The assumptions are subject to ongoing review, in light of any further announcements regarding the easing of lockdown arrangements, associated service costs and Welsh Government funding announcements.
- 7 On an all Wales basis the Welsh Government has made available additional funding of £188.5m via a Local Authorities Hardship Fund in response to the pressures arising from the lockdown for the period to the end of June 2020. Whilst claims have been made amounting to £2.025m for additional expenditure incurred to the end of May, Welsh Government have not yet confirmed the basis on which funding allocated for loss of income (£78m) can be drawn down. The

figures included in the report do not include any funding for loss of income against individual service area but includes a general estimation that we will be able to recover circa £2m from this fund. Further detail will be provided once the terms of the grant are confirmed and the impact built into future Budget Outturn projections.

- 8 Also, Welsh Government have not yet confirmed if funding will be available to offset the reduction in Council Tax collection rates or any increased cost from new Council tax support claimants (CTRS), that have arisen as a consequence of the lockdown. The report currently provides for increased costs arising from CTRS of £338k over budget but this could increase to £1m plus during the remainder of 2020/21.
- 9 The position will be subject to ongoing review but if WG funding is not made available then it will place a further pressure on the budget of circa £5m shortfall in council tax receipts. This is a mid-range estimate where the best case scenario shows a shortfall in council tax receipts of £2.7m, increasing to £8m or more should taxpayer incomes be significantly affected by the COVID19.
- 10 As mentioned above this is currently the mid-range estimate and the council tax shortfall could reduce by some £2m or increase by £4m or more depending upon the length and impact of the pandemic on our resources and income generating capability. The Council will continue to work with the Welsh Government to deliver essential services and look for additional funding or as a minimum a capitalisation direction to help smooth the impact of the pandemic on our Budget and future year service provision.
- 11 Therefore in total the projected shortfall for 2020/21 before receipt of any recompense from the Welsh Government or Health Board for COVID19 related additional costs, loss of income is circa £30m. This report assumes that funding for some of these additional costs and loss of income / council tax receipts will reduce this to a projected net budget shortfall or overspend of £10.8m.
- 12 Members should note that these financial projections will be monitored and updated regularly during the year as changes in demand, service delivery, income received, council tax support costs and receipts and WG funding announcements are received. The next report in respect of 2020/21 will be submitted for members' scrutiny and review in late September / early October.

- 13 The Net Authority budget is currently projected to overspend by £10.8m, after receipt of various COVID19 grant reimbursements from Welsh Government. Unless the financial position and activity improve over the remainder of the year or Welsh Government provides additional funding this projected overspend will have to be funded from Reserves.
- 14 As members are aware when the 2020/21 Budget was set on the 5 March 2020 the projected General Reserve position at 31 March 2021 was £17.9m including an approved reserve use of £1.65m. Utilising the reserve to fund an estimated overspend of £10.8m will have a major impact on the Council's financial position by reducing the projected general reserve balance to £8m. Details of the general reserve position are included in Appendix 3.

Directorate Updates

- 15 The attached Directorate reports indicate the service areas where significant projected variances to the end of March 2021 against the net budget are projected.
- 16 Education Leisure and Lifelong Learning

- **Education Learning Resource Service £109k overspend**
The overspend is due to loss of income during the lock down (assuming the service is closed April to August), and a reduction in the number of schools accessing the service. The actual loss of income for April and May is £13k.
- **Primary School Meals Service £804k overspend**
The school meals budget is made up as follows:-

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

The overspend is due to a loss of meal income due to the closure of schools as a result of the pandemic. The loss of income is partly offset by savings on food purchases, whilst staff and other fixed costs continue to be incurred.

The actual loss of income for April and May is £197k. The projected overspend assumes that school meals income will resume in September at a reduced rate of 30%, rising to 70% from January 2021. It also includes a pressure to reflect the anticipated increase in entitlement to free school meals, as a consequence of the economic impact of the pandemic.

Payments of £19.50 per child per week are being made until the end of August 2020 to all children entitled to free schools meals which is being funded (net of food savings) from the WG COVID19 LA Hardship Fund. £744k has been paid out and £699 re-claimed (net of food savings) from WG for the period 6th April to end of May.

- **Home to School Transport**

Although the need for transport has reduced following the closure of schools due to COVID19, the Welsh Government has instructed that all operators are paid at least 75% of their contracted value for all service that are not operating, in order to support the bus industry and taxi operators. It is assumed that contracted routes will resume and be paid in full from 29th June, when school re-open and to the end of the summer term. However when services re-commence on 29 June 2020 it is assumed that any savings will be offset by the additional costs of implementing social distancing on school transport together with a loss of income from the purchase of spare seats – the actual loss of income for April and May is £30k.

- **Libraries £26k overspend**

The overspend is due to a reduction in income due to closure of the libraries during the lockdown. The actual loss of income for April and May is £9k. The main libraries in Neath, Port Talbot and Pontardawe are now starting to reopen for click and collect services with further service changes expected as we move out of lockdown.

Members may wish to note that the library services has led on the commissioning of additional e-books costing £100k across Wales, to provide additional resources to residents during lockdown, which has been reimbursed in full from the LA Hardship Fund.

- **Margam Park £946k overspend**

The park was initially closed and all events at the park and Orangery have been cancelled or postponed due to the COVID19 lockdown. This has resulted in a loss of income, which has been partly offset by savings in food and alcohol purchases. The actual loss of income for April and May is £370k.

The general park has recently re-opened to the public and the projected overspend is based on the assumption that the Orangery and Ivy cottage will remain closed until the end of the financial year, Charlottes Pantry will only offer a small food takeaway service (circa 10% of normal activity), and the Park will generate a small proportion of car parking income.

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

Margam park – parking income	£294k
Orangery catering -	£311k
Charlottes Pantry	£137k
Park shop	£93k
Ivy cottage	£13k
Commercial - events	£98k
TOTAL	£946k

- **Pontardawe Arts Centre £182k overspend**

The overspend assumes that the centre will remain closed for the financial year, resulting in a loss of income that is only partly offset by savings on costs of food and alcohol. The actual loss of income for April and May is £16k.

- **Princess Royal Theatre £148k overspend**

The overspend assumes that the theatre will remain closed for the financial year, resulting in a loss of income which is partly offset by savings on purchases of food and alcohol. The actual loss of income for April and May is £14k.

- **External Leisure contract £1.5m overspend**

The council has committed to pay Celtic Leisure £180k for 3 months to fund the top up costs of furloughed staff. It is also anticipated that the Leisure sector will be one of the hardest hit sector by COVID19 and recovery and income levels will take some time to increase due to reduced demand following

COVID19 and additional costs incurred to implement social distancing. The overspend includes provision for additional costs of £1.3m in 2020/21.

- **Delegated Budgets for Primary, Comprehensive & Middle Schools loss of income** – it is anticipated that schools will have limited ability to generate income from lettings resulting in a loss of income of circa £158k.

A further loss of school meal income is anticipated in secondary and middle schools, net of savings on food costs, of £618k. This shortfall assumes receiving 30% of paid meals during Sept to Dec, and 70% from Jan to March 2021. The Council will be including a claim to WG for loss of income for schools covering initially the period to end of June 2020 and then for any other further periods of funding announced by WG.

There is concern that Welsh Government have not yet confirmed the value of the Regional Consortia School Improvement Grant (circa £5m allocated directly to fund schools costs) and the possibility that WG funding may be reduced in order to divert funding to cover other COVID19 pressures.

The Education Leisure and Lifelong Learning budget is currently projected to overspend by £4.541m including the additional impact on Delegated Schools Budgets (after proposed virements and reserve transfers).

17 Social Services Health & Housing

- **Children & Family – Social Work £241k underspend**
The underspend is due to savings on staff costs (£186k) and a reduction in car allowances (£64k)
- **Children & Family – Residential care £531k overspend**
The original budget is based on placements for 9 children. An overspend is projected as there are currently 12 children in placements, with a provision for 1 further new placement this year. The three new placements since the start of the year are as a direct result of COVID19, and it is estimated that these children will remain in residential care for 6 months, at a cost of £306k. Funding for the costs to the end of June are being reclaimed from the WG Hardship Fund, but thereafter will be a budget pressure.

The budget also includes an income target of £200k for contributions toward the health cost of existing placements, from Swansea University Health Board. However due to changes to placements since the budget was set, there is currently a £80k shortfall against this target. 5 further cases are currently being referred for funding, which if successful will address this shortfall.

- **Hillside - £916k overspend**

Hillside has a block contract with the Youth Custody Service (YCS) which guarantees payment for 6 beds, and the remaining 12 welfare beds are available for use by other Local Authorities.

Due to the pandemic there has been a block on placements, and as a consequence only 7 of the 12 welfare beds were occupied during April and May, resulting in a loss of income to date of £336k.

The projected loss to the end of the year is £1.082m and is based on a net increase of 1 placement from July, which is partly offset by savings on staff costs £166k.

- **Internal fostering service £194k underspend**

The underspend is due to savings on staff costs (£124k) and car allowances (£27k).

- **Community Care – Social Work £76k underspend**

The underspend is due to savings on staff costs and car allowances.

- **Business Support Services £118k underspend**

The underspend is due to savings on staff costs and general office expenses.

- **Elderly Residential Care £48k overspend** - Occupancy levels at some care homes have reduced significantly as a result of the pandemic. This is due to reduced demand for placements and as Public Health Wales has declared that care homes must be COVID19 free for 28 days before they can accept any new placements. Additional financial support (£370k to date) has been paid to those homes experiencing a significant number of voids, which is being recovered from the £40m allocation of the WG LA Hardship fund for adult social care costs.

It is anticipated that occupancy levels will increase as infections rates reduce and as lockdown restrictions are lifted. All staff working in the homes will be tested for the virus weekly, which could also impact on staffing arrangements in the homes.

- **Physical Disability £79k underspend**

The underspend is due to a delay in having new placements.

- **Trem y Mor / Respite £11k underspend**

The respite service at Trem y Mor has been closed due to the lockdown and the consequential loss of income to the end of May amounts to £24k. The projection for the year assumes that respite services will reopen in October resulting in total loss of income of £90k, which is partly offset by savings on staff overtime and cover costs.

- **Learning Disability external placements £302k underspend**

The budget for both Learning Disability (LD) and Mental Health (MH) external placements includes funding for new placements, however most of the new placements to date have arisen in the Mental Health budget.

A virement is proposed to transfer £300k from the Learning Disability budget to the Mental Health placements budget to manage the overall position. Although the demand for new placements has reduced during the lockdown, it is anticipated that demand will increase once lockdown restrictions are lifted, and infection rates reduced.

To date the council has provided PPE and paid out an additional £52k to LD and MH providers to fund additional costs incurred due to the lockdown, the cost of which is being reimbursed by WG from the LA Hardship fund.

- **Mental Health external placements £305k overspend**

The overspend is due to an increase in the number of service users being supported (budget 79, actual 83). The projection includes £100k for new placements arising throughout the remainder of the year. It is proposed that £300k is transferred from the LD placements budget to offset this pressure.

- **Housing Advice/Supported Tenancies £83k overspend**

There has been a significant increase in homelessness across the County Borough since the budget was set, and an increase in the cost of statutory bed and breakfast accommodation, for people at risk of becoming homeless, which has resulted in the projected £83k overspend.

In addition there have been further costs arising from the need to provide services to the homeless during the lockdown. The Welsh Government allocated £10m of the LA Hardship Fund to fund these pressures, and £28k (net of Housing Benefit refunds) has been recovered from this fund to fund costs incurred to the end of May. The Welsh Government has also recently announced a further £20m to be made available later this year based on a new Homeless plan due with WG by the end of June 2020.

The Social Services Budget is projected to overspend by £615k.

18 **Environment**

- **Highways Maintenance Reactive, Winter & Emergency Response £285k overspend** – The overspend is due to additional costs for remedial works required following storm Denis, and ongoing monitoring cost following the Pantteg landslip. A virement is proposed to fund this expenditure from the Corporate Contingency.
- **Highways Maintenance Work programme £52k overspend** – the overspend is due to loss of income relating to the Capital Works Programme, and assumes staff will be unable to carry out works for 3 months due to the lockdown. The actual loss of income to the end of May is £35k.
- **Transport Vehicle Maintenance £23k overspend** – the overspend is based on loss of external income for MOT's for 3 months and work from Tai Tarian, the actual loss of external income to end of May is £15k.
- **Bus Stations £10k overspend** – the overspend is based on loss of income from concessions for 3 months due to the lockdown. The actual loss of income to end of May is £6k.
- **Parking £1.062m overspend** – parking charges have been suspended for April to June, resulting in a loss of income for that period of £414k, it is assumed that there will be no event parking income for the rest of the year resulting in a further shortfall of £20k. It is anticipated that charging will be reintroduced later this year, but that income will be at a reduced rate whilst the economy recovers.
- **Refuse collection £788k overspend** – the overspend is due to the additional cost of staff transferred from Neighbourhood and Parks and Open Spaces, in order to maintain the service in light of the pandemic and to ensure compliance with social distancing regulations e.g. perspex shields fitted in the vehicles and only two people in a vehicle. The overspend on Refuse staff is offset by savings in Neighbourhood (£181k) and Parks & Open spaces (£117k).
The overspend also includes an estimated loss of income (circa £400k for 6 months) from trade and bulk waste. Some trade customers have cancelled contracts and it is unclear if they will

reinstate contracts when the lockdown ends. The actual loss of income to the end of May is £139k.

- **Refuse Disposal** – the Civic Amenity Sites were closed and the restriction on side waste was lifted as part of the lockdown, which has resulted in an increase in the amount of kerbside refuse collected (additional 820 tonnes until end of May – approx. £100k). The civic amenity sites are now operating a restricted service, with a limit on the number of people accessing the sites by appointment only.
- **Building Services £459k overspend** – Works were in the main suspended due to the lockdown, and it has therefore not been possible to generate income from external clients to fund the fixed costs (including staffing) of the service for 3 months.
- **Neath Fair £12k overspend** – a report has been prepared proposing that the September fair is cancelled, and the £12k overspend represents the loss of the net income from the event.
- **Markets £92k overspend** – the overspend is due to the loss of external rental, as Neath Market is not expected to return to normal activity until August 2020.
- **Baglan Innovation centre £30k overspend** – the overspend is due to loss of external rental income due to the lockdown.
- **Afan Forest Park** – there has been a loss of income from parking and rent to the end of May of £8k.
- **Building Control £37k overspend** – the overspend assumes a reduction in income for the first 3 months of the year, due to reduced activity during the lockdown. The actual loss of income of to the end of May is £24k
- **Industrial Workshops £400k overspend** - the overspend is based on the loss of external rental income for 3 months due to the lockdown (£205), and further reduction in income due to the difficulties recovering income from tenants due to the financial impact on businesses following the lockdown.
- **Gnoll Park £169k overspend** – the park was closed during the lockdown resulting in a loss of car parking and catering income of £60k to the end of May. The park re-opened on the 6th June but with free parking and the café remains closed. It is therefore anticipated that further loss of income will arise during the period of recovery from the lockdown.

Other

Road Safety Grant –the original budget assumed grant of £76k, but the actual amount received is £39k. The grant funds salary costs of £26k, and therefore this results in a reduced budget available for the provision of external training. However as lockdown restrictions have limited the options for training it is anticipated that expenditure can be contained within the available budget.

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

As a result of the lockdown in March 2020 work on the following projects were not completed, and funding was therefore transferred to the Environment Equalisation Reserve in 2019/20, to fund expenditure in this financial year.

Value	Explanation
£40,000	Parks & Open Spaces – tree works Utilise funds transferred to the reserve in 19/20 to fund work delayed as a result of the lockdown in March 2020
£12,000	Coastal works
£25,000	Gnoll Park – utilise income received via a personal will to carry out works at the park
£20,000	Cemeteries

A request to transfer funding from the reserves will be included in future reports for approval by members, once the works have been completed.

The Environment budget is projected to over spend by £2.832m, after proposed virements and reserve transfers.

19 Corporate Services

- **Council Tax £75k overspend** - Council tax legislation enables the Council to recover “reasonable costs” incurred in the process

of issuing a summons and obtaining a liability order, for the non-payment of Council Tax. During 2019/20 4,468 liability orders were raised, and a provision for income of £305k is included in the 2020/21 budget.

As a result of COVID19 it is anticipated that it will only be possible to generate 75% of this income, resulting in a £75k overspend.

- **NNDR £15k overspend** – The budget includes a provision for £20k from summons and liability order receipts. As a result of COVID19 business rates relief provided to some 75% of businesses in 2020/21 it is assumed that it will only be possible to generate 25% of income resulting in a £15k shortfall.
- **Registrars £8k overspend** – The budget includes provision of £176k for income. A reduced service is operating due to COVID19, resulting in a reduction in income particularly from marriage licenses.

The Corporate Services Directorate is projected to under spend by £29k (after proposed virement).

20 Central Budgets

- **Council Tax Support £339k** – the overspend is due to the increase in claims due to financial pressures arising from COVID19 lockdown, based on actual claims made to the end of May. However it is anticipated that the overspend could further increase to circa £1m due to an increase in the number of Universal Credit claims arising due to the ongoing economic impact of the pandemic. WG have not yet confirmed if they are prepared to fund this pressure.
- **Contingency** – £822k is included in the budget for contingencies. It is proposed that £285k is transferred to fund the additional cost of remedial works arising from Storm Dennis and the landslip at Pantteg. The balance of £537k is currently being used to offset the pressures arising from COVID19.
- **Contingency for pay award** – a provision of £1.3m is included in the budget to fund any additional costs of the national pay award for staff, which has not yet been confirmed. The employers have offered 2.75% which is more than the 2% provided in the base budget, hence it is assumed that all of this provision will be needed to fund the additional cost.

- **Council Tax recovery** –a range of measures has been introduced to support residents, facing financial difficulties paying their council tax, during the lockdown. The measures include
 - deferral of payment for 2 months,
 - spreading payments over 12 rather than 10 months,
 - reduced payments in April & May payments, with balance being spread over the rest of the year.
 - providing council tax support to eligible taxpayers

As a consequence the collection of council tax income for April and May has reduced by approximately £1m and predicted to generate a shortfall of £5m in year. This is the mid-range estimate for council collection this year with the best option improving this position by some £2m whilst the worst case, which would arise if a second surge or significant loss of employment and hence personal occurs this may further increase to £8m or more by the end of the year. The Welsh Government have not yet confirmed if funding will be available to offset this shortfall.

The position will be subject to ongoing review but should council tax receipts continue to fall or additional WG funding is not made available then it will impact on the 2020/21 accounts.

- **COVID19 Safe & Well** - the service was established to support vulnerable residents who are shielding during the pandemic. Costs of £116k have been incurred from March to the end of May 2020 which are being funded from the WG LA Hardship Fund.
- **COVID19 Llandarcy Field Hospital** - The Council has undertaken the works required to convert the Llandarcy Sports Academy into a Field hospital on behalf of the Swansea Bay University Health Board. Payments of £1.649m have been made to the end of May, with the total cost of conversion works being estimated to be £2.2m, including in due course £300k for re-instatement work, all of which will be reimbursed by Swansea University Health Board.
- **COVID19 Test, Trace & Protect service** - the service commenced on 1st June, with staff re-deployed from other council services. WG has allocated £57m to fund the additional costs of the service across Wales, but the grant terms and conditions including how this funding can be drawn down, have not yet been confirmed. Redeployment

costs are not recoverable and only some IT hardware costs are expected to be funded.

Financial Summary

- 21 The Net Authority budget is projected to over spend by £10.760m after proposed virements and reserve transfers. This position will be reviewed and updated on a regular basis in year as the potential for a large variance to this projected overspend is high given the fact that we are only starting to see some relaxation of Lockdown and the economy, some businesses and services are only just starting to move into recovery mode.

Virements

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

Less than £100,000 – Corporate Directors

More than £100,000 but less than £500,000 – Cabinet

More than £500,000 – Council

The following virements are proposed for approval by Cabinet

<u>Value</u>	<u>Dir</u>	<u>Service</u>
-£15,000	ELLL	Children & communities
£15,000	ELLL	Management & Admin
-£300,000	SSHH	Learning Disability placements
£300,000	SSHH	Mental Health placements
-£285,140	Other	Contingency
£285,140	ENVT	Highways emergency response re Pantteg and Storm Dennis
-£46,000	ENVT	Waste Disposal & Recycling
£46,000	CORP	Health & Safety
-£16,891	ENVT	Estates
-£1,523	ENVT	Regeneration & Strategic Development

<u>Value</u>	<u>Dir</u>	<u>Service</u>
£36,895	ENVT	Management support - reallocation of vacancy management target
-£10,260	ENVT	Policy
-£1,264	ENVT	Environmental Health
-£6,957	ENVT	Food & Health & Safety

Reserve movements

23 The following Reserve movements are proposed for approval by Cabinet

Value	Reserve	Explanation
£16,000	Education Equalisation Reserve	Utilise funds transferred to reserve in 2019/20 to fund additional capacity supporting the external leisure contract
£16,200	ERVR	Transfer from reserve to fund the cost of staff who have left under the VR scheme

24 Additional grants awarded

- **COVID19 - LA Hardship fund £188.5m (All Wales)**

As part of the response to the COVID pandemic WG published their first Supplementary Budget on 27 May 2020. As part of that budget announcement they have allocated £188.5m per the following allocations to Local Authorities:-

- £40m - Adult Social Care (to end of May 2020)
- £40m - Free school meal payments (to August 2020)
- £10m - Homelessness
- £78.5m - Loss of Income to end of June)
- £20m - General support

Monthly claims have been submitted for eligible additional costs incurred (March £63k, April £814k, May £1.148m) and grant funding of £877k for March and April has been received to date.

We await details of the basis on which funding will be allocated for loss of income which will assist in offsetting some of the pressures identified above. It is estimated that it will be possible to draw down circa £2m from this fund. Future budget update reports will provide details of such receipts.

- **COVID19 - NNDR Business Support Grants**

£35.5m has been awarded by Welsh Government for the period 1st April 2020 to 31st March 2021. The grant comprises three components:-

- a. £25k grant for businesses in the retail, leisure and hospitality sectors with properties with a rateable value of between £12k and £51k
- b. £10k grant for businesses eligible for Small Business Rate Relief with a rateable value of £12k or less
- c. £10k grant to support small charities and Community Amateur Sports Clubs (CASC) within the retail and hospitality sector with a rateable value of £12k or less

To the end of May grant of £29.8m has been received from WG and as at 16 June 2,337 grants totalling £26.83m have been paid out to eligible businesses. The grant scheme is due to close to new applications on the 30 June 2020 but payments will continue to be made to those who have applied but entitlement is being verified at that date. The Council will also continue to process payments after that date to those businesses that have applied and will be granted Business Rating listing by the Valuation Office Agency (VOA) before the 20 March 2020.

- **Bus Operators Grant**

The Council has continued to pay 75% of the contract value for school and other contracted local passenger services that are not operating during the lockdown, to ensure that the industry remains viable in the short term, while longer term measures for the sustainability of services are developed.

In order to further support the industry WG have paid out the first quarter of 2020/21 grant funding provided through the Bus Services Support Grant, the My-travel Pass scheme, together with any payments made in connection with the Mandatory Concessionary

Fares scheme, in advance at pre COVID19 levels (£609k). This funding is being paid over to bus operators monthly, in recognition of the severe hardship facing the bus industry and the need to maintain the public service.

- **COVID19 Childcare Assistance Scheme**

The Childcare Offer for Wales Scheme was closed to children due to start after Easter 2020, and £30m funding across Wales has been re-purposed to provide free childcare for critical workers and vulnerable children age 0-5.

- **COVID19 Payments to Carers**

WG have announced that £33m (now expected to £40m to cover tax and national insurance) has been announced for across Wales for the payment of £500 to carers; we await clarification of terms and conditions of the payment and grant.

- **Whole school approach to emotional and mental wellbeing £57k** – the grant has been made available by WG to support and extend counselling.

- **Whole school approach to emotional and mental wellbeing additional funding £68k** – the additional sum is to target areas which support wider school programme of activity and tackling the COVID19 pandemic, in recognition of the impact on learners and school staff wellbeing.

- **Additional Learning Needs Grant £355k** – the funding is to assist providers to continue to provide high quality support for learners while preparatory work for the new ALN system is ongoing.

Integrated Impact Assessment

- 25 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

- 26 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

- 27 All employees have been affected by COVID19. The Council has worked with Trade Unions to develop new safe systems of working during the pandemic and will continue to work with Staff and Trade Unions as we move through the Recovery stage for service delivery. Members should note that as at the beginning of June 281 staff have been redeployed to higher priority roles within the Council including Safe and Well, Trace, Test and Protect, front line Social care, School Hubs, etc

Legal Impacts

- 28 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 as we move from lockdown through the Recovery stage to provide services.

Risk Management Impact

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

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

Consultation

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

Recommendation

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

Reason for Proposed Decision

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

Implementation of Decision

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

Appendices

Appendix 1 – Budget Summary

Appendix 2 – Specific Reserves

Appendix 3 – General Reserve

List of Background Papers

Budget Update Working Papers

Officer Contact

For further information on this report item, please contact:

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Appendix 1

Summary 2020/21 Projected at 31st May 2020

	Original Budget	Revised Budget	Projected Outturn	Variance 2020/21	Proposed Reserve Transfers	Virements	Variance after Virements/ Reserves
	2020/21 £	2020/21 £	2020/21 £	2020/21 £	£	£	£
Education, Leisure and Lifelong Learning - Schools	90,137,000	90,137,000	90,913,000	776,000	0	0	776,000
Education, Leisure and Lifelong Learning - Other	25,882,000	25,882,000	29,662,888	3,780,888	-16,000	0	3,764,888
Social Services Health & Housing	83,281,000	83,281,000	83,896,089	615,089	0	0	615,089
Environment	39,525,000	39,525,000	42,612,328	3,087,328	-16,200	239,100	2,832,028
Corporate Services	18,208,000	18,208,000	18,224,905	16,905	0	46,000	-29,095
Directly Controlled Expenditure	257,033,000	257,033,000	265,309,210	8,276,210	-32,200	285,100	7,958,910
Swansea Bay Port Authority	47,000	47,000	46,637	-363			-363
Fire Authority	7,890,164	7,890,164	7,890,164	0			0
Margam Crematorium	1,000	1,000	550	-450			-450
Archives	96,000	96,000	96,000	0			0
Magistrates Court	12,000	12,000	12,000	0			0
Capital Financing	19,282,000	19,282,000	19,282,000	0			0
Council Tax Support	18,748,000	18,748,000	19,086,843	338,843			338,843
Pay & Pension Provision	1,300,000	1,300,000	1,300,000	0			0
Contingency	822,453	822,453	0	-822,453		-285,100	-537,353
Management of change	500,000	500,000	500,000	0			0
WG Loss of Income Grant Reimbursement Apr - June 2020 (estimated)			-2,000,000	-2,000,000			-2,000,000
Cont. from General Reserve	-1,650,000	-1,650,000	-1,650,000	0			0
Net Budget Requirement	304,081,617	304,081,617	309,873,404	5,791,787	-32,200	0	5,759,587
RSG	-177,352,786	-177,352,786	-177,352,786	0			0
NNDR	-49,408,800	-49,408,800	-49,408,800	0			0
Discretionary rate relief	386,684	386,684	386,684	0			0
Council Tax	-77,706,715	-77,706,715	-72,706,715	5,000,000			5,000,000
Total Funding	-304,081,617	-304,081,617	-299,081,617	5,000,000	0	0	5,000,000
Projected Overspend							10,759,587

Specific Reserves

Appendix 2

Description	Reserve at 1st April 2020	Original Net Reserve Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2021
	£000	£000	£000	£000	£000
EDUCATION, LEISURE & LIFELONG LEARNING					
<i>Delegated Schools Cash Reserves</i>					
ERVR Primary	Cr 8	0	0	0	Cr 8
Primary Schools Reserves	Cr 636	0	0	0	Cr 636
Secondary Schools Reserves	Cr 109	0	0	0	Cr 109
Special Schools Reserves	305	0	0	0	305
Middle Schools Reserves	1,074	0	0	0	1,074
Repairs and Maintenance Reserve	Cr 161	0	0	0	Cr 161
	465	0	0	0	465
<i>Education, Leisure and Lifelong Learning</i>					
Margam Discovery Centre - Building Maintenance Reserve	Cr 48	Cr 50	0	0	Cr 98
Equalisation Account - Education	Cr 1,373	200	0	16	Cr 1,157
Home to School Transport	Cr 111	0	0	0	Cr 111
	Cr 1,532	150	0	16	Cr 1,366
Total Education Leisure & Lifelong Learning	Cr 1,067	150	0	16	Cr 901
SOCIAL SERVICES, HEALTH & HOUSING					
Homecare ECM Equipment Reserve	Cr 73	Cr 10	0	0	Cr 83

Specific Reserves

Appendix 2

Description	Reserve at 1st April 2020	Original Net Reserve Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2021
	£000	£000	£000	£000	£000
Community Care Transformation Reserve	Cr 108	102	0	0	Cr 6
Social Services Equalisation	Cr 940	321	0	0	Cr 619
Hillside General Reserve	Cr 274	0	0	0	Cr 274
Youth Offending Service - Equalisation	Cr 153	0	0	0	Cr 153
Adoption Service	Cr 100	0	0	0	Cr 100
Total Social Services Health & Housing	Cr 1,648	413	0	0	Cr 1,235
ENVIRONMENT					
Concessionary Fare - Bus Pass Replacement Reserve	Cr 152	60	0	0	Cr 92
Asset Recovery Incentive Scheme	Cr 126	0	0	0	Cr 126
Local Development Plan	Cr 181	106	0	0	Cr 75
Economic Development	0	0	0	0	0
Winter Maintenance Reserve	Cr 754	0	0	0	Cr 754
Baglan Bay Innovation Centre - Dilapidation Reserve	Cr 78	0	0	0	Cr 78
BSSG Grant Reserve	0	0	0	0	0
Renewable Energy Reserve	Cr 11	0	0	0	Cr 11
Environmental Health - Housing Equalisation	Cr 137	137	0	0	0
Workways NPT Reserve	Cr 159	0	0	0	Cr 159
Environment Equalisation Reserve	Cr 715	182	0	0	Cr 533
Sub total	Cr 2,313	485	0	0	Cr 1,828

Specific Reserves

Appendix 2

Description	Reserve at 1st April 2020	Original Net Reserve Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2021
	£000	£000	£000	£000	£000
<i>Operating Accounts</i>					
Operating Accounts Equalisation	Cr 36	0	0	0	Cr 36
Vehicle Tracking	Cr 92	47	0	0	Cr 45
Operating Accounts -Vehicle Renewals	Cr 1,906	149	0	0	Cr 1,757
	Cr 2,034	196	0	0	Cr 1,838
Total Environment	Cr 4,347	681	0	0	Cr 3,666
FINANCE AND CORPORATE SERVICES					
Elections Equalisation Fund	Cr 240	Cr 15	0	0	Cr 255
Health & Safety / Occupational Health	Cr 41	0	0	0	Cr 41
Development Fund for Modernisation	Cr 115	0	0	0	Cr 115
IT Renewals Fund	Cr 843	445	0	0	Cr 398
Corporate Equalisation Reserve	Cr 535	465	0	0	Cr 70
Building Capacity	Cr 197	75	0	0	Cr 123
Voluntary Organisation Reserve	Cr 13	0	0	0	Cr 13
Total Finance and Corporate Services	Cr 1,984	970	0	0	Cr 1,015
COUNCIL RESERVES					
Insurance Reserve	Cr 6,651	0	0	0	Cr 6,651
Swansea Bay City Deal	Cr 113	0	0	0	Cr 113
Income Generation Reserve	Cr 654	104	0	0	Cr 550
Members Community Fund	Cr 391	Cr 100	0	0	Cr 491
Community Resilience fund	Cr 2,000	0	0	0	Cr 2,000

Specific Reserves

Appendix 2

Description	Reserve at 1st April 2020	Original Net Reserve Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Balance at 31 Mar 2021
	£000	£000	£000	£000	£000
Housing Warranties	Cr 220	0	0	0	Cr 220
Fire Authority Reserve	0	0	0	0	0
Pantteg Landslip Reserve	Cr 500	0	0	0	Cr 500
Waste Reserve	Cr 393	0	0	0	Cr 393
LAWDC Contingency Reserve	Cr 1,012	0	0	0	Cr 1,012
Schools IT Equalisation (HWB)	Cr 250	163	0	0	Cr 87
Corporate Contingency	Cr 2,269	48	0	0	Cr 2,221
Treasury Management Equalisation Reserve	Cr 7,639	0	0	0	Cr 7,639
ERVR - Transitional Reserve	Cr 4,536	0	0	16	Cr 4,520
Accommodation Strategy	Cr 2,274	250	0	0	Cr 2,024
Total Council Reserves	Cr 28,902	465	0	16	Cr 28,421
JOINT COMMITTEES					
Workways Regional Reserve	Cr 93	0	0	0	Cr 93
Environment Legacy Reserve (SWTRA)	Cr 60	0	0	0	Cr 60
Substance Misuse Area Planning Board	Cr 41	0	0	0	Cr 41
WB Safeguarding Board Reserve	Cr 92	0	0	0	Cr 92
Intermediate Care Pooled Fund	Cr 28	0	0	0	Cr 28
	Cr 314	0	0	0	Cr 314
TOTAL ALL REVENUE RESERVES	Cr 38,261	2,679	0	32	Cr 35,550

General Reserve

Appendix 3

	Original Estimate 2020/21	Revised Estimate 2020/21	Variance 2020/21
	£'000	£'000	£'000
Opening balance 1st April	Cr 19,128	Cr 19,921	Cr 793
Council Tax increased income (as assumed at budget setting stage)	Cr 1,300	Cr 1,300	0
Capital - Phase II Accommodation financing costs	170	170	0
Doubtful Debt Provision	200	200	0
Contributions to the Economic Development Fund	200	200	0
Community Councils Grant Scheme	25	25	0
Member Community Development Fund	300	300	0
Estimated budget shortfall as at 31st May 2020	0	10,760	10,760
Contribution from General Reserve per Original Budget agreed on 5 March 2020	1,650	1,650	0
Estimated Closing balance 31st March	Cr 17,883	Cr 7,916	9,967