



Cyngor Castell-nedd Port Talbot  
Neath Port Talbot Council

## **CABINET**

**11 November 2020**

### **REPORT OF THE DIRECTOR OF FINANCE & CORPORATE SERVICES**

#### **Matter for Decision**

#### **Wards Affected – All Wards**

#### **Revenue Budget Update and Monitoring Report Quarter 2 - 2020-21**

#### **Purpose of Report**

- 1 This report prepared as at the end of September 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 the service areas that are projected to **overspend or underspend by more than £50k** compared to their net budget (i.e. budgeted expenditure less income). These figures represent the projected position to the end of the financial year based on various factors and assumptions including:
  - the actual cumulative expenditure and income position to the end of September 2020
  - assumptions for cost savings or additional expenditure to the end of the financial year,
  - assumed collectible income or income loss for the rest of the year,
  - additional cost of council tax support for the remainder of the year
  - council tax collection projections to 31 March 2021,

- Additional funding announcements and reimbursements provided by the Welsh Government.

Members will note that in some instances the “overspend” is due to, or mainly due to, loss of income in that service area, whilst for others the cause is additional costs. In total the Welsh Government (WG) has provided circa £500m into a Local Government Hardship Fund to fund the additional ask they have made of Local Government to incur extra costs and fund reduced income. Of this WG made £78m available to cover loss of income for April to June 2020 (quarter 1), of which £3.952m has been received, and we are awaiting confirmation relating to a further £75k.

A further claim is currently being prepared for loss of income during quarter 2 to the end of September 2020, the conditions upon which funding is being awarded are outlined in Appendix 4. Monthly claims are being made to recover additional costs incurred from the LA Hardship fund.

- 3 The 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 September, and include assumptions regarding lockdown restrictions.
- 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 lockdown arrangements, associated service costs and Welsh Government funding announcements.

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

Claims have been made amounting to £6.510m for additional expenditure incurred to the end of September, and to date Welsh Government have agreed to reimburse £5.486mm, and we are awaiting a decision in respect of £706k September claim. The shortfall of £318k has arisen because WG will not fund

- costs arising from local decisions,
- 50% of ICT costs claimed in May/June, and no ICT hardware/software costs incurred thereafter
- 75% of communication, media and marketing costs since June
- the additional costs of housing adaptations undertaken to enable the discharge of patients from hospital
- general supplies and services that can be funded from the service base budgets

A loss of income claim has also been submitted for £4.146m for the period April – June 2020, and to date Welsh Government have confirmed that they will fund £3.952m, and have put some items on hold for further review nearer year end, to verify if income streams have been delayed rather than lost. A schedule outlining the basis on which WG will fund future loss of income claims is included as Appendix 4.

- 8 Welsh Government have refunded £120k in respect of the increased cost from new Council Tax Support claimants (CTRS), that have arisen as a consequence of the lockdown for the period April – June, and will further consider the position for the period July to September 2020.
- 9 Welsh Government have not yet confirmed if funding will be available to offset the reduction in Council Tax collection rates. The position will be subject to ongoing review and in the interim an estimated loss of £2m is included within the reported overspend.
- 10 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 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 January 2021.
- 12 The Net Authority budget is currently projected to overspend by £6.509m, 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.
- 13 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. Having finalised the audited accounts for last year and utilising the reserve to fund an estimated overspend of £6.509m will have a major impact on the Council's financial position by reducing the projected general reserve balance to £12.1m. Details of the general reserve position are included in Appendix 3.

### **Directorate Updates**

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

### 15 **Education Leisure and Lifelong Learning**

- **Teachers Pay Award September 2020 £190k.** The Minister for Education has announced that orders have been laid for a pay award ranging from 8.48% for new starters, 3.75% for Teachers on the Main Pay Range and 2.75% for those on Leadership pay, resulting in an average pay award of 3.1% or some £190k more than budgeted for. The Minister also confirmed on 14 October that WG will provide additional funding of £3.981m for schools up to year 11 and a further £1.556m for post 16 education. Once we receive confirmation

of the amount due to this Council it is proposed that the appropriate share will be distributed to individual schools and central education services.

- **Delegated Schools Budgets loss of income - £299k.** WG have reimbursed schools for loss of school meal income (£262k) and external income (£200k) from April – June, but it is anticipated that schools will have limited ability to generate income throughout the rest of the year resulting in a further loss of school meal income (£141k) in secondary and middle schools, net of savings on food costs. This shortfall assumes schools will receive 67% of budgeted income for school meals during Sept to Dec and 90% from Jan to March. Loss of other external income is projected to be £158k.
- **Education Learning Resource Service £60k overspend -** The overspend is due to loss of income during the lock down (service closed April to August), and a reduction in the number of schools accessing the service. WG have reimbursed £19k loss of income from April to June.
- **Primary School Meals Service £263k overspend**  
The school meals budget is made up as follows:-

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

The projected 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, although staff and other fixed costs continue to be incurred. Welsh Government have confirmed funding for the loss of income for April to June (£333k), but the estimated overspend to the end of the year is based on the projected number of meals currently being sold, which are greatly reduced, offset by savings in food costs.

Payments of £19.50 per child per week have been made from 6<sup>th</sup> April to 11<sup>th</sup> September - the total cost being £2.204m of which £1.864m (net of food savings) has been funded by WG.

From 5<sup>th</sup> October payments of £3.90 per day will be made to any free school meal child that has to self-isolate, of which £1.40/day will be funded by WG, the estimated shortfall to the Council being circa £100k. This pressure is included in the reported overspend.

In addition WG announced on 15<sup>th</sup> October that they will provide free school payments of £19.50 during school holidays to Easter 2021. They are providing on an all Wales basis an extra £11m to fund these payments in full.

- **Margam Park £220k overspend**

The park was initially closed and all events at the park and Orangery were cancelled or postponed due to the COVID19 lockdown. This has resulted in a loss of income, which has been partly offset by savings on food and alcohol purchases. The projected overspend assumes that the Orangery will remain closed until the end of the financial year.

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

Park	£135k
Orangery catering	£46k
Charlottes Pantry	-£5k
Park shop	£38k
Ivy cottage	£4k
Commercial - events	£2k
<b>TOTAL</b>	<b>£220k</b>

The park overspend includes the cost (£79k) to refurbish the spillway and culvert at Furzemill Reservoir. The total cost of the project is estimated to be £158k, with 50% being funded from the Capital Programme. The original budget assumed that it would be possible to generate additional income in the park to fund these costs but this has not been possible due to lockdown restrictions.

- **Princess Royal Theatre £62k 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. WG has confirmed that it will fund the net loss of income for the period April to June of £76k.

- **External Leisure contract £1.8m overspend**

The Council has paid Celtic Leisure £180k to the end of June to fund some of the initial top up costs of furloughed staff. It is also anticipated that the Leisure sector will be one of the hardest hit sectors by COVID19. Recovery and income levels will take some time to increase due to reduced demand following COVID19 and additional costs incurred to implement social distancing. WG have funded the loss of income of £300k for the period April to June. The financial position going forward is uncertain, due to the announcement of the firebreak.

**The Education Leisure and Lifelong Learning budget is currently projected to overspend by £2.830m including the additional impact on Delegated Schools Budgets (after proposed virements).**

## 16 Social Services Health & Housing

- **Children & Family – Social Work £108k underspend**

The underspend is due to receipt of ICF grant funding (£200k) for the Working Together Service, which is partly offset by overspend on Direct Payments (£60k) and costs of additional support required during lockdown (£32k).

- **Children & Family – Residential care £395k overspend**

The original budget is based on placements for 9 children. An overspend is projected as there are currently 11 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. WG have refunded £72k towards the costs for the period April – June. 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. 3 further cases are currently being referred to the Health Board for funding, which if successful will reduce this shortfall.

- Hillside - £894k 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 new placements, and as a consequence only 7 of the 12 welfare beds were occupied during April and July, and 8 beds in July to September, resulting in a loss of income to date of £891k. The projected loss to the end of the year is £1.2m and is based on the current occupancy of 8 beds, and partly offset by savings on staff costs. WG have received funding of £467k for the loss of income for the period April – June.
- Day Care – External Provision £72k underspend**

The underspend is due to savings on staff costs funded by the ICF MAPSS (Multi Agency Placement Support Service) project, in the integrated family support service.
- Adoption service £314k underspend**

The joint service has reported an underspend, and it is therefore anticipated that the NPT contribution to make to the Joint service will be £350k less than the budget provision. The saving is partly offset by an anticipated increase in adoption allowances.
- Youth Offending Service £95k overspend**

The overspend is largely due to the additional cost of 3 remand placements (£227k), of which £110k has been refunded from the LA Hardship fund for the period April to June. No further funding from WG is anticipated.
- Community Care Management £87k underspend**

The underspend is largely due to a reduction in the number of payments made to external assessors for Deprivation of Liberty (DOLS) assessments.
- Business Support Services £134k underspend**

The underspend is due to savings on staff costs and general office expenses.
- Elderly Residential Care £270k underspend.**

The underspend has arisen because occupancy levels at homes reduced significantly during the lockdown, due to reduced demand for placements and as Public Health Wales declared that homes must be COVID19 free for 28 days before they can accept any new placements.

All staff working in the homes are being tested regularly for the virus, which could also impact on future staffing arrangements and costs in the homes.

Additional financial support (£537k) has been paid to those homes experiencing a significant number of voids, which has been funded from the £40m provided by the WG LA Hardship fund for social care costs.

WG have announced that further funding is being made available for the period July – March 2021 to increase the rates paid to homes by £50/week, and to support providers to address market stability pressures e.g. voids, exceptional, unpredictable, emergency expenses. Initial estimates indicate that this will amount to an additional £240k per month for July to March 2021.

- **Community Resource Team £114k underspend**

The underspend is due to savings on staff costs and car allowances. All the vacancies have now been filled.

- **Learning Disability external placements £194k underspend**

Demand for placements reduced during lockdown.

In the period April to June PPE and additional fees of £139k were paid to providers to fund the additional costs incurred due to COVID, which has been reimbursed by WG from the LA Hardship Fund.

WG have announced that further funding is available for the period July to March to increase the rates paid to providers of external placements, and to support providers to address market stability pressures e.g. voids, exceptional, unpredictable, emergency expenses. Initial estimates indicate that this will amount to an additional £30k per month for July to March.

- **Community Independence service £95k underspend**

The team have been operating a reduced service during lockdown and the underspend is due to grant income being used to fund a post, and savings on weekend and overtime costs.

- **Transport £82k underspend** Savings on transport have arisen due to the closure of many day services during lockdown

- **Mental Health External Placements £81k overspend** This is due an increase in the number of service users receiving support.

**The Social Services Budget is projected to underspend by £126k (after proposed virements and reserve transfers).**

## 17 Environment

- **Parking £903k overspend** – The overspend is due to a projected shortfall in income for the period July – March 2020. WG have funded £420k for lost income for April to June but have indicated that no further funding will be available for loss of income arising from local policy decisions.
- **Refuse collection £171k overspend** – WG have funded the loss of income for the period April to June (£210k), but have advised that they will not fund any further additional waste service costs from the LA Hardship fund.
- **Waste Disposal and Recycling £432k overspend.** The overspend is due to a reduction in the price per tonne for the sale of recycling waste, and the introduction of a charge for the disposal of some recycling items - which is anticipated to continue to March 2021
- **Household waste recycling centres £65k overspend** - The overspend is due to additional costs arising from COVID restrictions
- **Building Services**  
Works were suspended during the lockdown, and it was not possible to generate income from external clients to fund the fixed costs (including staffing). WG have confirmed that they will fund the loss relating to April to June of £304k - thereby offsetting the overspend previously reported.
- **Markets £30k overspend** – the overspend is due to the loss of external rental during lockdown and additional cost of implementing social distancing. WG have recently confirmed that they will refund £58k for the loss of income for the period April to June, thereby reducing the overspend.
- **Streetcare Services £67k overspend** – the projected overspend is due to anticipated additional costs of PPE and hand sanitizer for the period July to September, as it is unclear if these additional costs will continue to be funded by WG.
- **Building Control £68k overspend** – the projected overspend assumes a reduction in income for the first 6 months of the year, due to reduced activity during the lockdown. WG have refunded £10k for loss of income for April to June.
- **Industrial Workshops £253k overspend** - the overspend is based on the loss of external rental income for 4 months due to the lockdown, and further reduction in income due to the difficulties recovering income from tenants due to the financial impact on businesses following the lockdown. WG have recently announced that they will fund £214k for the loss of income from April to June.

## **Other**

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.

**The Environment budget is projected to over spend by £1.991m, (after proposed virements and reserve transfers).**

## 18 **Corporate Services**

- There are no variances of over £50k to report, and the small underspend is due to net savings on staffing costs

**The Corporate Services Directorate is projected to under spend by £8k (after proposed virements and reserve transfers).**

## 19 **Central and Other Budgets**

**Council Tax Support £354k** – the projected overspend is based on additional claims made to the end of September which has been partly offset by funding of £120k received from WG for the period April – June. WG are receiving monthly Council Tax Support returns from all Welsh Local Authorities and are due to further consider the increased costs for quarter 2.

However it is probable that the net overspend will increase during the remainder of 2020/21 and could rise to circa £1m should there be a large number of job losses, the closure of local businesses and an increase in the number of Universal Credit claims arising due to the ongoing economic impact of the pandemic.

- **Contingency – £280k** - remains uncommitted in the contingency with the balance of £257k used to offset the pressures arising from COVID19.
- **Contingency for pay award** – the pay award for green book staff has now been confirmed at 2.75% and a virement has been actioned to allocate £982k to Directorates to fund the additional costs above the 2% included in the original budget. The balance of

£318k in the provision is being used to offset the pressures arising from COVID19.

- **Council Tax recovery** – a range of measures has been introduced to support residents facing financial difficulties, in paying their council tax, during the lockdown. As a consequence the collection of council tax income for April and September is lower than in previous years by approximately £800k and a potential shortfall of £2m could arise in year.

In a worst case scenario council tax collected might deteriorate further during the remainder of the year and may increase to circa £5m by the end of March 2021, due to the ongoing financial impact of the pandemic.

Welsh Government have not yet confirmed if funding will be available to offset this shortfall. The position will be subject to ongoing review but if collection rates continue to fall, or additional WG funding is not made available, then it will be necessary to reduce the collectible income included in the accounts for 2020/21 and £2m has been included in the projection for this year.

- **COVID19 Safe & Well - £45k overspend** - The service was established to support vulnerable residents who were shielding during the first wave of the pandemic. Costs of £218k have been incurred from April to the end of September of which £173k has been funded from the LA Hardship Fund. However WG have subsequently advised that they will not fund any further costs. Arrangements have been made to reduce this service safely, and to enable people to use local delivery services. However there may be further costs incurred during the second half of the financial year if the service needs to be recommissioned
- **COVID19 Llandarcy Field Hospital** - The Council has undertaken the works required to convert the Llandarcy Sports Academy into a Field hospital on behalf of the Swansea Bay University Health Board. Costs of £1.839m have been incurred to the end of September, with the total cost of conversion and re-instatement works estimated to be £2.25m excluding VAT. An invoice for £1.65m plus VAT has been reimbursed by the Health Board. Reinstatement works to return the facilities to leisure have commenced and are scheduled to be completed by early November upon which the Council will invoice for reimbursement.

- **COVID19 Test Trace & Protect Service** - the service commenced on 1<sup>st</sup> June, with approximately 100 staff re-deployed from other council services, originally into 6 teams. During September many of the re-deployed staff returned to their substantive posts, and external staff have been recruited to the service. Due to the increased number of Covid19 positive cases arising during September/October 2020 some of the former re-deployed staff have been asked to return to supplement the TTP service whilst further external recruitment is taking place.

WG has allocated funding of £45m across Wales, of which £6.1m has been allocated to the Swansea Bay University Health Board Region covering the Health Board, NPT and Swansea Councils. Funding is for additional costs only and redeployed staff will continue to be funded from the council base budget.

Additional costs of £258k (staff overtime, staff additional pay, pay for the new recruits, IT kit etc) have been incurred to the end of September, for which funding will be drawn down via Swansea Bay University Health Board.

- **COVID19 – £10k & £25k Grants to Business** – funding of £30m has been received from WG to support businesses experiencing financial difficulty due to the lockdown, of which £28m has been paid out to the end of September.
- **COVID19 Start up Grants** – Funding of £207k has been allocated by WG of which £80k has been paid out to the end of September.
- **COVID19 Lockdown Business Fund Grants** – This is a fund to provide financial assistance to businesses that are facing operational and financial challenges caused by the national firebreak lockdown announced for Wales as a result of COVID-19. The purpose of the fund is to support businesses with cash flow support to help them survive the economic consequences of the restrictions put in place. The fund consists of two separate grants which can be applied for:

Lockdown Non Domestic Rate Grant – All eligible businesses and organisations must have property registered to pay business rates. All small businesses receiving small business rates relief up to an RV of £12,000 are eligible to apply for £1,000. All retail, leisure and hospitality businesses and organisations with an RV of between £12,001 and £51,000 can apply for a grant of £5,000.

In addition businesses eligible for small business rates relief that have been subject to local restrictions for 3 weeks or more and have been materially impacted (>50% reduction in turnover) up to the 23rd October will be eligible to apply for a further grant of £1,000; and a discretionary enhanced £2,000 top-up grant is also available on an application basis for those businesses with a rateable value of £12,000 or less who are forced to close by the firebreak lockdown.

Lockdown Discretionary Grant – this discretionary grant of £1,500 or can be applied for where business has been forced to close (as a result of the national firebreak lockdown or are able to demonstrate that the national firebreak lockdown will result in at least a 80% reduction in their turnover for that period. This grant can increase to £2,000 if the business has also been subject to local restrictions for 3 weeks or more up to the 23rd October and experienced at least a 50% reduction in their turnover for that period.

Neath Port Talbot Council has received £7.427m to assist local businesses and organisations of which £675k relates to the Lockdown Discretionary Grant. These grants must be applied for between 28 October and 20 November 2020 in line with WG guidelines.

The Welsh Government has also announced £80m of funding through its Economic Resilience fund which is managed by Business Wales.

- **COVID19 Freelance Grant** – funding of £249k has recently been allocated by WG to NPT, to assist people working on a freelance basis in the cultural and creative sector who have been unable to work due to closure of their sector, and who have been unable to access financial support via any other assistance schemes. The grant payable is £2,500 per applicant.
- **COVID19 Childcare Providers Grant** - WG announced funding £4.5m to pay grants of up to £5,000 to childcare providers including child minders etc that had not received grants from Economic Resilience Fund, Business grants paid by Local Authorities or COVID related grants from various sources.
- **Covid19 Local Authority Enforcement Capacity** – WG have announced that £2.5m of the LA Hardship fund is earmarked for enhancing enforcement capacity to 31 March 2021. There is no

guarantee of the funding being extended into 2021/22 financial year. The Council has employed 8 additional officers to support Environmental Health and Licensing Regulatory work and will receive maximum funding of £180k from this allocation. This will be claimed monthly from the LA Hardship Fund.

### **Financial Summary**

- 20 The Net Authority budget is projected to over spend by £6.509m after proposed virements and reserve transfers. We will continue to manage services during the pandemic and to recover relevant additional costs and income loss from the Welsh Government’s Hardship Fund. This position will be reviewed and updated on a regular basis as the potential for a large variance to this projected overspend is high, as the economy, businesses and services move into recovery mode.

### **Virements**

- 21 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

<b><u>Value</u></b>	<b><u>Dir</u></b>	<b><u>Service</u></b>
£330,000	ELLL	Funding for additional 0.75% pay award for the non-teaching pay award
£280,000	SSHH	
£220,000	ENVT	
£152,000	CORP	
-£982,000	Other	

It is also proposed that members approve to vire/distribute, once confirmed by WG, the additional grant funding they are providing for the September 2020 Teachers pay award to individual schools and Central Education.

The following virements have been approved by Corporate Directors

<u>Value</u>	<u>Dir</u>	<u>Service</u>
-25,000	ELLL	Education Welfare Service
25,000	ELLL	Management & admin
-10,068	ENVT	Drainage services
-15,279	ENVT	Pest control
15,279	ENVT	Parks & Open spaces
-16,890	ENVT	Estates
41,329	ENVT	Management support
-10,260	ENVT	Planning Policy
-632	ENVT	Environmental Health
-3,479	ENVT	Food & Health & Safety
-98,000	ENVT	Neighbourhood services
98,000	ENVT	Refuse collection
-30,000	CORP	Accountancy Technical
-30,000	CORP	Payroll
-10,000	CORP	Assessments
-30,000	CORP	Housing Benefits Admin
100,000	CORP	Human Resources/Unions

### **Reserve movements**

- 22 The following Reserve movements are proposed for approval by Cabinet

<b>Value</b>	<b>Reserve</b>	<b>Explanation</b>
£34,679	ERVR Reserve	Costs of ERVR in Drainage services funded from reserve
£25,000	ENVT Equalisation Reserve	Utilise funds transferred to reserve in 19/20 for delayed due to COVID19.

<b>Value</b>	<b>Reserve</b>	<b>Explanation</b>
-£189,620	Social Services Equalisation Reserve	The planned transfer from reserve for temporary staff is no longer required
£9,510	ERVR Reserve	Costs of ERVR in the Waste Disposal & Recycling service funded from reserve
-£106,000	Local Development Plan Reserve	Planned transfer from reserve no longer required but sum will be required to fund future year costs
-£137,000	ENVT Housing Equalisation Reserve	Planned transfer from reserve no longer required, due to delays in planned works in default
-£100,000	CORP Equalisation Reserve	£100k of the planned transfer from reserve (£300k) for the new HR/Payroll MHR system is no longer required in full

### 23 **Additional grants awarded**

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

Post 16 Accelerated Learning Programme £80k

Early Years Integration Transformation Programme £100k

Face mask coverings for schools £85k

Adult Digital Learning Grant £14,300

Communities for Work Plus £170,227

Deprivation of Liberties Safeguards funding £12k

Pupil Deprivation Grant £6.109m – this will be distributed to schools.

### **Integrated Impact Assessment**

- 24 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**

- 25 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**

- 26 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 various stages to Recovery for service delivery. Some staff have been redeployed to higher priority roles within the Council including Safe and Well, Test Trace and Protect (TTP), front line Social care, School Hubs, etc. Additional staff have also been recruited to support some services including TTP and Enforcement Services.

## **Legal Impacts**

- 27 The Council has been ensuring that it complies with new regulations and directions issued by the UK and Welsh Governments during the COVID pandemic. Service provision has been stopped, repurposed or developed to comply with the new rules. Further changes are expected when we move through the Recovery stage.

## **Risk Management Impact**

- 28 COVID19 has impacted significantly on the Council, its services and activities since the UK Government Lockdown announcement which commenced on 23 March 2020.
- 29 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 were 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 were initially stopped

and staff were redeployed / newly recruited into services such as the Test Trace and Protect service.

- 30 Governance arrangements have also had to be updated to operate under new arrangements.
- 31 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**

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

### **Recommendations**

- 33 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
  - 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**

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

## **Implementation of Decision**

- 35 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

Appendix 4 – WG LA Hardship Fund Loss of income eligibility criteria

## **List of Background Papers**

Budget Update Working Papers

## **Officer Contact**

For further information on this report item, please contact:

Mr Hywel Jenkins – Director of Finance & Corporate Services

Email: [h.jenkins@npt.gov.uk](mailto:h.jenkins@npt.gov.uk)

Mr Huw Jones – Head of Finance

Email: [h.jones@npt.gov.uk](mailto:h.jones@npt.gov.uk)

## Appendix 1

<b>Summary 2020-21</b>	<b>Original</b>	<b>Virements</b>			<b>Revised</b>	<b>Projected</b>	<b>Variance</b>
<b>at 30th September 2020</b>	<b>Budget</b>	<b>CAB 25/6</b>	<b>CAB 2/9</b>	<b>CAB 11/11</b>	<b>Budget</b>	<b>Outturn</b>	
	<b>2020/21</b>				<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>
	<b>£</b>				<b>£</b>	<b>£</b>	<b>£</b>
Education, Leisure and Lifelong Learning - Schools	90,137,000	0	0	0	90,137,000	90,436,000	299,000
Education, Leisure and Lifelong Learning - Other	25,882,000	0	0	330,000	26,212,000	28,742,847	2,530,847
Social Services Health & Housing	83,281,000	0	0	280,000	83,561,000	83,434,514	-126,486
Environment	39,525,000	239,100	0	220,000	39,984,100	41,975,598	1,991,498
Corporate Services	18,208,000	46,000	0	152,000	18,406,000	18,397,762	-8,238
<b>Directly Controlled Expenditure</b>	<b>257,033,000</b>	<b>285,100</b>	<b>0</b>	<b>982,000</b>	<b>258,300,100</b>	<b>262,986,721</b>	<b>4,686,621</b>
Swansea Bay Port Authority	47,000				47,000	46,637	-363
Fire Authority	7,890,164				7,890,164	7,890,164	0
Margam Crematorium	1,000				1,000	553	-447
Archives	96,000				96,000	95,600	-400
Magistrates Court	12,000				12,000	11,264	-736
Capital Financing	19,282,000				19,282,000	19,282,000	0
Council Tax Support	18,748,000				18,748,000	19,102,092	354,092
Pay & Pension Provision	1,300,000			-982,000	318,000	0	-318,000
Contingency	822,453	-285,100			537,353	280,000	-257,353
Management of change	500,000				500,000	500,000	0
NP Safe & Well Service	0				0	45,177	45,177
Cont from General Reserve	-1,650,000				-1,650,000	-1,650,000	0
<b>Net Budget Requirement</b>	<b>304,081,617</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>304,081,617</b>	<b>308,590,208</b>	<b>4,508,591</b>
RSG	-177,352,786				-177,352,786	-177,352,786	0
NNDR	-49,408,800				-49,408,800	-49,408,800	0
Discretionary rate relief	386,684				386,684	386,684	0
Council Tax	-77,706,715				-77,706,715	-75,706,715	2,000,000
<b>Total Funding</b>	<b>-304,081,617</b>		<b>0</b>	<b>0</b>	<b>-304,081,617</b>	<b>-302,081,617</b>	<b>2,000,000</b>
Overspend							<b>6,508,591</b>

## Specific Reserves

## Appendix 2

Description	Reserve at 1st April 2020	Original Net Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Bal at 31 Mar 2021
	£000	£000	£000	£000	£000
<b>EDUCATION, LEISURE &amp; LIFELONG LEARNING</b>					
<b><i>Delegated Schools Cash Reserves</i></b>					
ERVR Primary	Cr 8	0	0	0	Cr 8
Primary Schools Reserve	Cr 636	0	0	0	Cr 636
Secondary Schools Reserve	Cr 109	0	0	0	Cr 109
Special Schools Reserve	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
<b><i>Education, Leisure and Lifelong Learning</i></b>					
Margam Discovery Centre - Building Maintenance Reserve	Cr 48	Cr 50	0	0	Cr 98
Equalisation Account - Education	Cr 1,373	200	Cr 7	0	Cr 1,180
Home to School Transport	Cr 111	0	0	0	Cr 111
	Cr 1,532	150	Cr 7	0	Cr 1,389
<b>Total Education Leisure &amp; Lifelong Learning</b>	<b>Cr 1,067</b>	<b>150</b>	<b>Cr 7</b>	<b>0</b>	<b>Cr 924</b>
<b>SOCIAL SERVICES, HEALTH &amp; HOUSING</b>					
Homecare ECM Equipment Reserve	Cr 73	Cr 10	0	0	Cr 83
Community Care Transformation Reserve	Cr 108	102	0	0	Cr 6
Social Services Equalisation	Cr 940	321	0	Cr 190	Cr 808
Hillside General Reserve	Cr 274	0	0	0	Cr 274
Youth Offending Service - Equalisation	Cr 153	0	0	0	Cr 153

## Specific Reserves

## Appendix 2

Description	Reserve at 1st April 2020	Original Net Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Bal at 31 Mar 2021
	£000	£000	£000	£000	£000
Adoption service	Cr 100	0	0	0	Cr 100
<b>Total Social Services Health &amp; Housing</b>	<b>Cr 1,648</b>	<b>413</b>	<b>0</b>	<b>Cr 190</b>	<b>Cr 1,424</b>
<b>ENVIRONMENT</b>					
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	Cr 106	Cr 181
Economic Development	0	0	0	0	0
Winter Maintenance Reserve	Cr 754	0	10	0	Cr 744
Baglan Bay Innovation Centre - Dilapidation Reserve	Cr 78	0	0	0	Cr 78
Renewable Energy Reserve	Cr 11	0	0	0	Cr 11
Environmental Health - Housing Equalisation	Cr 137	137	0	Cr 137	Cr 137
Workways NPT Reserve	Cr 159	0	0	0	Cr 159
Environment Equalisation Reserve	Cr 715	182	4	25	Cr 504
	Cr 2,313	485	14	Cr 218	Cr 2,032
<b>Operating Accounts</b>					
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
<b>Total Environment</b>	<b>Cr 4,347</b>	<b>681</b>	<b>14</b>	<b>Cr 218</b>	<b>Cr 3,870</b>

## Specific Reserves

## Appendix 2

Description	Reserve at 1st April 2020	Original Net Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Bal at 31 Mar 2021
	£000	£000	£000	£000	£000
<b>FINANCE AND CORPORATE SERVICES</b>					
Elections Equalisation Fund	Cr 240	Cr 15	0	0	Cr 255
Health & Safety / Occupational Health	Cr 41	0	0	0	Cr 41
Development Fund for Modernisation	Cr 115	0	0	0	Cr 115
IT Renewals Fund	Cr 843	445	Cr 163	0	Cr 561
Corporate Equalisation Reserve	Cr 535	465	Cr 11	Cr 100	Cr 181
Building Capacity	Cr 197	75	Cr 24	0	Cr 147
Voluntary Organisation Reserve	Cr 13	0	0	0	Cr 13
<b>Total Finance and Corporate Services</b>	<b>Cr 1,984</b>	<b>970</b>	<b>Cr 198</b>	<b>Cr 100</b>	<b>Cr 1,313</b>
<b>COUNCIL RESERVES</b>					
Insurance Reserve	Cr 6,651	0	0	0	Cr 6,651
Swansea Bay City Deal	Cr 113	0	0	0	Cr 113
Income Generation Reserve	Cr 654	104	0	0	Cr 550
Member Community Fund	Cr 391	Cr 100	0	0	Cr 491
Community Resilience fund	Cr 2,000	0	0	0	Cr 2,000
Housing Warranties	Cr 220	0	0	0	Cr 220
Pantteg Landslip Reserve	Cr 500	0	0	0	Cr 500
Waste Reserve	Cr 393	0	0	0	Cr 393
LAWDC Contingency Reserve	Cr 1,012	0	0	0	Cr 1,012
Schools IT Equalisation (HWB)	Cr 250	163	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	16	44	Cr 4,476

## Specific Reserves

## Appendix 2

Description	Reserve at 1st April 2020	Original Net Movements 2020/21	Changes already approved	Proposed changes in Period	Estimated Reserve Bal at 31 Mar 2021
	£000	£000	£000	£000	£000
Accommodation Strategy	Cr 2,274	250	0	0	Cr 2,024
<b>Total Council Reserves</b>	<b>Cr 28,902</b>	<b>465</b>	<b>16</b>	<b>44</b>	<b>Cr 28,377</b>
<b>JOINT COMMITTEES</b>					
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
	<b>Cr 314</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Cr 314</b>
<b>TOTAL ALL REVENUE RESERVES</b>	<b>Cr 38,261</b>	<b>2,679</b>	<b>Cr 175</b>	<b>Cr 463</b>	<b>Cr 36,221</b>

## General Reserve

## Appendix 3

	<b>Original Estimate 2020/21</b>	<b>Revised Estimate 2020/21</b>	<b>Difference 2020/21</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Opening balance 1st April</b>	<b>Cr 19,128</b>	<b>Cr 19,921</b>	<b>Cr 793</b>
Council Tax increased income	Cr 1,300	Cr 1,300	<b>0</b>
Capital - Phase II Accommodation financing costs	170	170	<b>0</b>
Doubtful Debt Provision	200	200	<b>0</b>
Contributions to the Economic Development Fund	200	200	<b>0</b>
Community Councils Grant Scheme	25	38	<b>13</b>
Member Community Development Fund	300	300	<b>0</b>
Estimated budget shortfall as at 30th September 2020	0	6,509	<b>6,509</b>
Contribution from /to revenue	1,650	1,650	<b>0</b>
<b>Estimated Closing balance 31st March</b>	<b>Cr 17,883</b>	<b>Cr 12,154</b>	<b>5,729</b>

## WG – LA Hardship Fund - loss of income eligibility criteria

Service	Allowable	Disallowed	Review in February 2021
<b>Education</b>	<input type="checkbox"/> School breakfast clubs <input type="checkbox"/> After school clubs <input type="checkbox"/> School premises/facility hire <input type="checkbox"/> School catering <input type="checkbox"/> Music services	<input type="checkbox"/> Refunds of cancelled school trips <input type="checkbox"/> External/Sponsor/Grant Contributions <input type="checkbox"/> Internal charges	
<b>Planning, development and rents</b>	<input type="checkbox"/> Markets rentals <input type="checkbox"/> Street trading	<input type="checkbox"/> External/Sponsor/ Grant Contributions <input type="checkbox"/> Internal charges	<input type="checkbox"/> Planning fees <input type="checkbox"/> Building Control fees <input type="checkbox"/> Land Charges
<b>Central Services</b>	<input type="checkbox"/> Rent reductions / holidays to businesses for <b>Q1 only</b> <input type="checkbox"/> Commercial property investments <input type="checkbox"/> External contract delivery <input type="checkbox"/> Premises/facility hire	<input type="checkbox"/> Council tax <input type="checkbox"/> NNDR <input type="checkbox"/> Debt/liability orders <input type="checkbox"/> Investment income due to interest rate changes <input type="checkbox"/> Lost investment opportunities <input type="checkbox"/> Lost savings from early payment <input type="checkbox"/> Rent reductions / holidays <b>after Q1</b> <input type="checkbox"/> External/Sponsor/ Grant Contributions <input type="checkbox"/> Professional fees <input type="checkbox"/> Internal charges <input type="checkbox"/> Trading companies	<input type="checkbox"/> Registrars <input type="checkbox"/> Permits <input type="checkbox"/> Courts

## WG – LA Hardship Fund - loss of income eligibility criteria

Service	Allowable	Disallowed	Review in February 2021
<b>Council fund housing services</b>		<input type="checkbox"/> HRA related	
<b>Adult Social Services</b>	<input type="checkbox"/> Day care centres	<input type="checkbox"/> External/Sponsor/Grant Contributions	
<b>Children’s Social Services</b>	<input type="checkbox"/> Placement/client fees <input type="checkbox"/> In-house nursery provisions <input type="checkbox"/> Premises/facility hire		
<b>Environmental and Regulatory</b>	<input type="checkbox"/> Waste <input type="checkbox"/> Public conveniences <input type="checkbox"/> Advertising <input type="checkbox"/> Fixed penalty notices <input type="checkbox"/> Pest control <input type="checkbox"/> External contract delivery	<input type="checkbox"/> External/Sponsor/Grant Contributions <input type="checkbox"/> Professional fees <input type="checkbox"/> Internal charges	<input type="checkbox"/> Licencing <input type="checkbox"/> Food hygiene rating
<b>Transport &amp; Highways</b>	<input type="checkbox"/> Car parking budgeted income <input type="checkbox"/> Civil enforcement notices <input type="checkbox"/> Bus station rentals <input type="checkbox"/> Harbour fees <input type="checkbox"/> MOT fees <input type="checkbox"/> External contract delivery	<input type="checkbox"/> Car parking where a change to policy made since start of pandemic increases losses <input type="checkbox"/> Concessionary fares <input type="checkbox"/> External/Sponsor/Grant Contributions <input type="checkbox"/> Professional fees <input type="checkbox"/> Internal charges	

**WG – LA Hardship Fund - loss of income eligibility criteria**

Service	Allowable	Disallowed	Review in February 2021
<b>Cultural and related services</b>	<input type="checkbox"/> Leisure services <input type="checkbox"/> Tourism	<input type="checkbox"/> Cultural venues covered by the cultural fund	