

**NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**  
**EDUCATION, SKILLS AND CULTURE SCRUTINY COMMITTEE**

**21 JANUARY 2021**

**REPORT OF THE DIRECTOR OF EDUCATION, LEISURE AND  
LIFELONG LEARNING**

**SECTION A – MATTER FOR SCRUTINY**

**WARDS AFFECTED: ALL**

**CONSULTATION ON 2021/22 BUDGET PROPOSALS**

**1. Purpose of Report**

To provide Members of the Education, Skills and Culture Scrutiny Committee with supplementary information regarding the 2021/22 draft budget proposals as set out in the Cabinet Report of 13<sup>th</sup> January 2021, with a view to aiding the scrutiny of those proposals. Consultation on the Draft Budget proposals is ongoing until the 12 February 2021 prior to final budget decisions taking place on the 8/9 March 2021.

**2. Executive Summary**

The draft budget proposals for consultation approved by Cabinet on 13<sup>th</sup> January 2021 shows a funding gap of £3.235m for the 2021/22 financial year.

The proposals included a small number of savings strategies which have already been scrutinised, consulted on and were approved by Council on 6th March 2020.

The report also detailed that a draft contribution of £3.1m from general reserves is required to balance the 2021/22 budget position.

This report sets out relevant areas for this scrutiny committee to consider as part of the consultation process.

### 3. Background

Neath Port Talbot Council's net revenue budget for the current year of 2020/21 amounts to £304.082m and together with grants and income from services results in a gross budget of £445m which is invested in services across the County Borough.

The following table summarises the Council's Funding and Net Budget for 2020/21.

| <b>Funding 2020/21</b>      | <b>Budget</b>   | <b>Budget</b>  |
|-----------------------------|-----------------|----------------|
|                             | <b>£m</b>       | <b>%</b>       |
| Revenue Support Grant       | £177.353        | 58.32%         |
| National Non Domestic Rates | £49.409         | 16.25%         |
| Discretionary Rates Relief  | -£0.387         | -0.13%         |
| Council Tax                 | £77.707         | 25.56%         |
| <b>Total Income</b>         | <b>£304.082</b> | <b>100.00%</b> |

| <b>Net Budget 2020/21</b>   | <b>Budget</b>   | <b>Budget</b>  |
|---|-----------------|----------------|
|   | <b>£m</b>       | <b>%</b>       |
| Education, Leisure & Lifelong Learning<br>(including Schools at £90.137m) | £116.019        | 38.15%         |
| Social Services, Health & Housing   | £83.281         | 27.39%         |
| Environment   | £39.525         | 13.00%         |
| Finance & Corporate Services  | £18.208         | 5.99%          |
| Fire Authority  | £7.891          | 2.60%          |
| Capital Financing   | £19.282         | 6.34%          |
| Council Tax Support   | £18.748         | 6.16%          |
| Other including Contingency   | £2.778          | 0.91%          |
| Use of Reserves   | -£1.650         | -0.54%         |
| <b>Budget Requirement</b>   | <b>£304.082</b> | <b>100.00%</b> |

### 4. 2021/22 Budget Proposals

On the 22<sup>nd</sup> December 2020 the Welsh Government (WG) published details of the 2021/22 Provisional Local Government Settlement. This shows that WG will increase its funding to Local Government by £4.651bn, a 3.8% increase on the adjusted base for 2020/21. Neath Port Talbot Council's share is £236.680m which is 6<sup>th</sup> best in Wales and an increase of £9.9m or 4.2%.

For 2021/22 the total draft funds available to run Council Services is £317m but this remains short of what is required to meet inflation, pay awards and other demand pressures which total £320.2m. Therefore there is a funding shortfall next year of £3.235m.

The Cabinet report of 13<sup>th</sup> January 2021 sets out the draft proposals to close that gap by implementing the already approved cuts/income generation of £135k, use of £3.1m of general reserves and increase council tax by 3.75% to balance the budget. Details are set out in the tables below:

#### **Estimated increase in Budget required 2021/22**

|                                       | £'000          |
|---------------------------------------|----------------|
| <b>Net Budget 2020/21</b>             | <b>304,082</b> |
| Pay Awards and inflation              | 6,602          |
| Pressures                             | 7,739          |
| Transfers into 2021/22 settlement     | 186            |
| Reverse use of General Reserves 20/21 | 1,650          |
| <b>Draft Budget Required 2021/22</b>  | <b>320,259</b> |

#### **Estimated total funding available 2021/22**

|  | £'000          |
|--|----------------|
| <b>Net Budget 2020/21</b>                | <b>304,082</b> |
|  |                |
| Increase in WG Funding                   | 9,918          |
| Increase in Council Tax proceeds @ 3.75% | 3,024          |
|  |                |

|                                      |                |
|--------------------------------------|----------------|
| <b>Draft Funds Available 2021/22</b> | <b>317,024</b> |
|--------------------------------------|----------------|

### **Draft Budget Gap 2021/22**

|  | <b>£'000</b> |
|--|--------------|
| Total Budget Required 2021/22                        | 320,259      |
| Estimated Funds Available                            | 317,024      |
|  |              |
| <b>Total Budget Gap 2021/22</b>                      | <b>3,235</b> |
|  |              |
| <b>Budget Gap to be funded by</b>                    |              |
| Use of General Reserves 2021/22                      | -3,100       |
| Savings/Income Generation Proposals already approved | -135         |

### **5. Service Pressures**

Of the £7.739m Pressures outlined above £2.252m relate to the services overviewed by this Scrutiny Committee. In addition there are £1.279m of one-off pressures which are proposed to be funded from specific reserves.

Details of these pressures are outlined in Appendix 1 of this report.

### **6. Savings / Income Generation Proposals**

The budget proposals for 2021/22 include savings/income generation strategies totalling £135k. These have already been the subject of consultation and scrutiny as part of the 2020/21 budget setting proposal and are included in this report for information only, but will, as appropriate, be updated for timing or changes in value.

Details of proposals relevant to this Scrutiny Committee are included in Appendix 2.

### **7. Financial Outlook**

The latest Medium Term Financial Plan position is outlined in the table below:

|  | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> |
|--|----------------|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| Budget Gap before Directorate Savings            | 3,235          | 15,981         | 17,318         |
| <b>Cumulative Gap</b>                            | <b>3,235</b>   | <b>19,216</b>  | <b>36,534</b>  |
| FFP Reductions                                   | -135           | -176           | -50            |
| Funded from General Reserves                     | -3,100         |                |                |
| Budget Gap (gross of use of reserves) @ Jan 2021 | 0              | 18,905         | 17,268         |
| <b>Cumulative Gap @ Jan 2021</b>                 | <b>0</b>       | <b>18,905</b>  | <b>36,173</b>  |

Members should however be aware that there are a number of factors which could impact on the Council's financial position going forward.

Due to the impact of Covid19 the Chancellor of the Exchequer has delayed his Budget Statement until 3 March 2021, with a further multi-year UK Government Spending Review announcement due later in 2021, which will inform public spending plans for the next few years. The outcome of that review will allow the Welsh Government to develop plans and hopefully multi-year funding settlements for 2022/23 and onwards.

WG also confirmed that the current settlement and specific grants exclude Covid related funding. Members will note that for 2021/22 the UK Government is providing WG with an additional £770m for Covid related costs.

Given the adverse impact that Covid19 is having on the whole of the UK economy and on Government taxes we should expect that there will be ongoing budget challenges for the next few years.

Members should note though that work is ongoing to verify whether additional budgets are required for the following items. If so they

will need to be built into the final budget decisions due in March 2021:

- Legislation
- Any reduction in specific grants affecting service need
- Any changes identified as part of the final Local Government Settlement or UK Government announcements.

Continuous monitoring and appropriate changes will be made re Brexit, other economic, public spending and taxation matters including those mentioned by the Chancellor in his Budget announcement due on 3<sup>rd</sup> March 2021.

## **8. Opportunities and Threats for the Service**

### **Extra funding for pressures provided**

#### **Additional learning needs investment £430k**

£100k to fund the cost of employing staff, previously agreed by members, to provide resilience within the local authority to meet the demand of the ALNET Bill which has an implementation date of Sep 21  
£330k to fund the release of school based staff to provide training and capacity for the completion of transference of non-statutory documents to statutory documents namely Individual Development Plans (IDP'S) which are a legal requirement of the ALNET Bill

#### **Out of county placements £87k**

Whilst the local authority makes every effort possible to retain as many of its pupils within the county for education purposes, there are a very small number of pupils whose needs are best met in an out of county provision

#### **Free School Meals - increased provision following Covid19 - £315k**

Since March 2020 we have seen a significant increase in the number of families who are eligible for FSM. The £315k represents the loss of income to primary and secondary school catering operations as a result of more pupils being entitled to a free meal. Since February 28<sup>th</sup> eFSM pupils has risen from 5,203 to 5,750 which is an overall 11% increase

### **Schools - Increased provision re Teaching Assistants;- £750k**

An allocation is made within the delegated schools budget funding for teacher assistant support for pupils within mainstream education who have a statement of special education needs. To date this allocation has been a fixed amount. The number of teacher assistant hours attached to statemented pupils in mainstream schools has increased significantly over many years. In January 2016 the number of hours was 3189 increasing by January 2019 to 6985. As the amount of funding has been fixed, the result of the increased hours has meant that schools have been funded a reduced amount to cover the actual increased costs of employing teacher assistants. This has put some school budgets under extreme pressure.

It is estimated at the current level of support hours additional funding in the amount of £750k per year needs to be distributed to schools for the next 3 years.

### **Celtic Leisure - estimated additional costs prior to new contract operational in 2021;- £1m**

Since the start of the pandemic the operation of Celtic Leisure facilities have been severely disrupted in that they have been closed to the members of the public for substantial periods of time and at the time of writing this report facilities are currently closed for the foreseeable future. The projected impact on their profit and loss account for FY 21/22 is £1m detriment

### **Margam Park - loss of income due to Orangery being used as vaccination centre £279k**

Since December 1<sup>st</sup> 2020, the Orangery at Margam Park has been re-designated as a local vaccination centre as part of the national effort to tackle the Covid19 pandemic. The Health board have an agreement for use of the Orangery up until December 31<sup>st</sup> 2021. As a result all bookings have been cancelled for FY 21/22 and the net loss of income has been calculated at £279k

### **Any savings, cuts or income generation included**

#### **Cleaning services £55k**

Movement toward full cost recovery of cleaning service over a 3 year period from 2020/21, to be funded by schools by an increase to their cleaning recharges

### **School transport - out of county £30k**

Pupils who are leaving out of county provisions no longer require home to school transport

### **Market implications**

The directorate of Education, Leisure and Lifelong Learning is responsible for a number of service areas which are heavily reliant on income generation. All of these facilities have suffered financially as a result of the Covid 19 pandemic. It is not known at this point what the exact impact of Covid will be in the 2021/22 financial year as it is impossible to say when facility operation will return to normal. Also we do not yet know what the long term impact will be on the economy which in turn, could have an impact on all our income generating facilities as people may have less disposable income. The service areas which could be under pressure financially are:-

- Leisure Centres and swimming Pools, currently operated by Celtic Leisure including the Gwyn Hall Theatre
- Margam Park including the Orangery and Charlottes Pantry
- Theatres, Princess Royal and Pontardawe Arts Centre
- Skills and Training Unit

We have seen a significant increase in the number of families who are eligible for free school meals since the start of the pandemic and this increase is against a backdrop of a national government job support scheme operating in various guises. It is not yet known what the full impact will be however any increase in free school meal eligibility will have a detrimental impact on our school catering functions both at primary and secondary level in terms of income generation.

### **Impact of increase/cut in specific grant**

To date we have not received confirmation of any significant increases or cuts to our current grants portfolio



## **9. Crime and Disorder Impact**

The Council has a legal duty under Section 17 of the Crime and Disorder Act 1998 to carry out all its various functions with “due regard to the need to prevent Crime and Disorder in its area”.

Individual proposals are being assessed as to their impact on crime and disorder and should any specific impact be identified these will be identified against individual proposals and summarised in final proposals.

## **10. Integrated Impact Assessment**

The Equality Act 2010 requires public bodies to “pay due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristics and persons who do not share it.”

This report refers to the need to make budget savings, cuts or generate extra income of £135k in 2021/22 together with the use of £3.1m from General Reserves with a further budget gap of £36m over the following 2 years, assuming that WG don't provide any increased funding in both years. Individual Impact Assessments for specific service reduction and income generating proposals have previously been undertaken and hence not included in this report as there are no new proposals for next year.

## **11. Workforce Impacts**

Any impacts on the workforce are set out in this report.

## **12. Consultation**

A public consultation will run from 13<sup>th</sup> January 2021 to 12<sup>th</sup> February 2021. The savings/income generation proposals will not be included in this consultation as they have already been consulted on and approved by Council.

### **13. Recommendation**

It is recommended that Members review and scrutinise the proposals included in this report.

### **14. Appendices**

Appendix 1 - - Revenue Service Pressures 2021 to 2024 & Budget Pressures funded from Specific Reserves

Appendix 2 – Savings/Income Generation proposals previously approved

### **15. Background Papers**

Budget working papers

### **16. Officer Contact**

For further information on this report item, please contact:

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## Revenue Service Pressures &amp; Investment 2021 to 2024

| Ref    | Board | Service area  | 2021/22      | 2022/23      | 2023/24      |
|--------|-------|---|--------------|--------------|--------------|
|        |       |   | £'000        | £'000        | £'000        |
| ELLL11 | ES&C  | Additional Learning Needs investment                          | 430          | 500          | 500          |
| ELLL14 | ES&C  | Schools - increased pupil numbers                             | 250          | 250          | 250          |
| ELLL17 | ES&C  | Out of county placements (inc transport)                      | 87           | 0            | 0            |
| ELLL21 | ES&C  | Additional Teachers pay award to 3.1% Sept 2020 - schools     | 400          | 0            | 0            |
| ELLL22 | ES&C  | Additional Teachers pay award to 3.1% Sept 2020 - non schools | 20           | 0            | 0            |
| ELLL23 | ES&C  | Free School Meals - increased provision following Covid19     | 315          | 0            | 0            |
| ELLL24 | ES&C  | Schools - Increased provision re Teaching Assistants          | 750          | 750          | 750          |
|        |       |   |              |              |              |
|        |       |   |              |              |              |
|        |       | <b>Total</b>  | <b>2,252</b> | <b>1,500</b> | <b>1,500</b> |

## Revenue Service Pressures &amp; Investment 2021 to 2024

## Budget Pressures funded from Specific Reserves

| Ref    | Board | Service area  | 2021/22      | 2022/23  | Comment                      |
|--------|-------|---|--------------|----------|------------------------------|
|        |       |   | £'000        | £'000    |                              |
| ELLL25 | ES&C  | Celtic Leisure - estimated additional costs prior to new contract operational in 2021 | 1,000        | 0        |                              |
| ELLL26 | ES&C  | Margam Park - loss of income due to Orangery being used as vaccination centre         | 279          | 0        | Core staff and running costs |
|        |       | <b>Total from Corporate Contingency Reserve</b>                                       | <b>1,279</b> | <b>0</b> |                              |
|        |       |   |              |          |                              |
|        |       |   |              |          |                              |

## Savings/Income Generation – Already approved

| Ref       | Board | Description                             | Lead          | Main Impacts  | Net Budget 2020/21 | % Savings | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 |
|-----------|-------|---|---------------|---|--------------------|-----------|--------------|--------------|--------------|
| ELLL 707  | ES&C  | Pontardawe Arts Centre - Reduce Subsidy | Andrew Thomas | Operating cost savings and increased income from establishing a cinema which has been further delayed due to Covid 19 with an updated opening date in 2022/23. Capital investment support successfully sought from the Arts Council for Wales, the Friends of Pontardawe Arts Centre and the Council. | 180                | 50%       | 0            | 90           | 0            |
| ELLL 1003 | ES&C  | Cleaning services                       | Chris Millis  | Movement toward full cost recovery of cleaning service over a 3 year  | 226                | 49%       | 55           | 56           | 0            |

## Savings/Income Generation – Already approved

| Ref       | Board | Description                      | Lead         | Main Impacts                                  | Net Budget 2020/21 | % Savings | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 |
|-----------|-------|----------------------------------|--------------|---|--------------------|-----------|--------------|--------------|--------------|
|           |       |                                  |              | period from 2020/21, to be funded by schools. |                    |           |              |              |              |
| ELLL 1004 | ES&C  | School transport - out of county | Chris Millis | Pupils leaving out of county placements       | 268                | 11%       | 30           | 0            | 0            |
|           |       | <b>Total</b>                     |              |   |                    |           | <b>85</b>    | <b>56</b>    | <b>0</b>     |

