

**NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

**SOCIAL CARE, HEALTH AND WELLBEING SCRUTINY COMMITTEE**

**REPORT OF THE DIRECTOR OF DIRECTOR OF SOCIAL SERVICES  
HEALTH AND HOUSING – A. JARRETT**

**28 JANUARY 2021**

**SECTION A – MATTER FOR SCRUTINY**

**WARDS AFFECTED: ALL**

**CONSULTATION ON 2021/22 BUDGET PROPOSALS**

**1. Purpose of Report**

To provide Members of the Social Care, Health and Wellbeing 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 (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 £2.108m relate to the services overviewed by this Scrutiny Committee. The draft budget also proposes that £100k be made available in both 2021/22 and 2022/23 from the IT Renewals Reserve in order to rewrite the Social Services in-house developed IT System.

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, but will, as appropriate, be updated for timing or changes in value.

Please note that none of those proposals were relevant to this Scrutiny Committee.

## 7. Financial Outlook

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

	2021/22	2022/23	2023/24
	£'000	£'000	£'000
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 Services**

Clearly the last year has been a very difficult one. As a result of the Covid 19 pandemic and the national response the spend for 2020-21 cannot be seen in the context of previous or future years. In Social Services we provide services to the most vulnerable people within our communities and the way that we have been able to do that during 'Covid times' has changed dramatically. In order to keep people safe we have had to reduce or redesign the way in which we provide their support.

We have seen the impact that Covid 19 has had on Care home residents, spreading quickly in these 'closed' settings, and leading to a significant number of people dying or being seriously ill. Alongside residents the staff have also been badly affected and it has not been unusual for more than 80% of staff in an affected home to catch the illness and be unable to work. In order to minimise risks as far as possible and to protect both staff and residents, care homes have been prevented from accepting new admissions for 28 days following any positive test for Covid 19. Moreover, some care home owners have decided not to take new admissions in order to safeguard the residents and staff. After seeing the impact of Covid 19 on Care Homes in the local and national news it is not surprising that families have not wanted to admit their loved ones into care homes and instead have found other ways to manage their needs at home. Understanding the huge pressures on Care Homes the Welsh Government has

provided additional monies to support business continuity where homes do not have enough residents to be financially viable. All of these issues will mean that our spend this financial year cannot be a predictor of the demands for the future.

In managing the risk of Covid 19 we have also had to stop providing the level of respite expected to those families where mental health or learning disabilities means loved ones need significant care. Families/carers have had to find ways to cope. Across Neath Port Talbot families/carers have stepped in to care for their loved ones rather than expose them to the risks associated with mixing with others or having outside carers visiting. We have also had permission from Welsh Government to use other government grants to fund our emergency response to Covid 19 this year as well as being able to access the Welsh Government 'Hardship' funding (particularly around unavoidable pandemic related spend including funds to support loss of income at Hillside). This has had an impact on our net budget in 2020-21 as it will look as if we have spent less in these areas.

Managing support through the pandemic has also brought financial pressures as we try to find new ways of delivering services to those needing emergency provision. Using additional/agency care staff to allow business continuity and to facilitate more people to leave hospital leads to extra costs as will the provision of individual respite where it is possible.

Young people staying in care for longer as a result of Covid 19 or being remanded for longer as a result of backlogs at court also lead to additional costs. In summary the pressures faced by the service this year have been unprecedented and so has the budget spend.

As a result the management team across Social Services have had a real challenge when setting out a realistic budget for 2021-2022.

Appendix 1 and 2 are the pressures that the management team assessed may be needed for next year. As always in a Service that responds to statutory need there is a significant element of trying to predict what might happen in coming years alongside the additional pressures that are already known.

The Management Team have set out the following pressures for consideration:

SSHH56 is a pressure of £360k on Children's Residential Care. The number of children who are placed in residential care in NPT has reduced significantly over the years from 25 down to the current figure of 11 children. For the past three years the Service has worked hard to try and reduce this figure to 9 placements and the budget has been set in line with that aspiration. It is now felt that this is unrealistic. To achieve this over the coming years would be detrimental to the needs of those children who are placed in specialist residential provision. Therefore the proposed budget needs to be adjusted to reflect the 11 placements.

SSHH57 provides for £1.272m of additional funding, mainly to cover above inflationary cost pressures, being incurred by our commissioned services including Domiciliary Care, Care Homes, Learning Disabilities, mental health and respite. This will allow for a realistic increase to be agreed with service providers.

SSHH58 is a known pressure of £26k for supplementary payments to convert 10 residential care beds into Elderly Mentally Infirm (EMI) provision.

SSHH59 sets out a £200k pressure around homelessness. Given the Welsh Government's drive to eradicate homelessness it was anticipated that a significant amount of extra funding would need to be invested on improving and broadening long term provision. We have very recently confirmed that Welsh Government have now committed to providing additional grant monies in 2021-22 to support the work around Homelessness of which NPT's share will be £1.56million. As a result of these additional monies we no longer believe that the additional £400k pressure for Homelessness (see Appendix 2) needs to be funded next year. It might be possible to reconsider this £200k base budget provision.

SSHH60 and the remaining 'unfunded' pressures are set out in Appendix 1 and 2 (excluding the sum for Homelessness). As a total these are the pressures where there is less certainty about the future profile of need. The Social Services Health and Housing Senior Management Team believe that there is likely to be increased demand for services in 2021-22 as a result of the start of the recovery from the pandemic. It is thought that the huge pressures placed upon families and carers and their levels of exhaustion post pandemic may lead to an increased demand for



formal services. It is also likely that the impact of Covid 19 and the resulting 'lockdowns' will have a legacy of increased demand for mental health services. As a result of this the Team believe that the cost of increased demand across Mental Health, domiciliary care and respite provision could be as high as £1.2m in the coming financial year. However, this is by no means certain and mitigation could come from the redesign of service provision, a push towards early intervention and prevention, as well as Welsh Government grants that are 'ring-fenced' for Social Care. At this stage therefore, it has been proposed that £250k should be built into the budget with an understanding that there may be in year pressures on these budgets.

Also included in the budget is an extra £500k which is the NPT share of an extra £10m added to the Welsh Government Social Care Workforce Grant. This additional money may go some way to offset the in year pressures outlined above but will also need to focus on preparing the service for future pressures and changes to service provision. There is also a further £1.755m to further develop the 'Our Neighbourhood approach/ Building Safe and Resilient Communities in Neath Port Talbot. This is an unexpected extension to the Welsh Government's Transformation Fund.

## **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.”

The Draft Budget report refers to the need to make budget savings, cuts or generate extra income of £135k (of which none refer to this Scrutiny Committee’s budget) 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  
Appendix 2 - - Unfunded Revenue Pressures 2021-22

## **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 2022

Ref	Board	Service area	2021/22	2022/23	2023/24
			£'000	£'000	£'000
SSHH56	SCH&W	Children Services - Increase of 2 children in residential care	360	0	0
SSHH57	SCH&W	Adult Social Care above inflation increase	1,272	1,050	1,050
SSHH58	SCH&W	Additional dementia bed provision, ongoing cost of converting 10 beds to EMI	26	0	0
SSHH59	SCH&W	Homelessness - increased demand	200	0	0
SSHH60	SCH&W	Social Services increase in demand for services	250	0	0
		<b>Total</b>	<b>2,108</b>	<b>1,050</b>	<b>1,050</b>

## Unfunded Revenue Pressures

<b>Service area</b>	<b>2021/22</b>
	<b>£'000</b>
Elderly domiciliary care - increase in hours provided	250
Mental health - increase in number of placements	400
Respite provision - increased demand. This will allow for a further 10 residential respite beds or other respite provision	300
Homelessness - increased demand	400
<b>Total</b>	<b>1,350</b>