

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET SCRUTINY COMMITTEE

REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

3rd February 2021

SECTION A – MATTER FOR SCRUTINY

WARDS AFFECTED: ALL

CONSULTATION ON 2021/22 BUDGET PROPOSALS

1. Purpose of Report

To provide Members of the Cabinet Scrutiny Committee with supplementary information regarding the 2021/22 draft budget proposals as set out in the Cabinet Report of 13th 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 13th 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.

Funding 2020/21	Budget	Budget
	£m	%
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%
Total Income	£304.082	100.00%

Net Budget 2020/21	Budget	Budget
	£m	%
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%
Budget Requirement	£304.082	100.00%

4. 2021/22 Budget Proposals

On the 22nd 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 6th 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 13th 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
Net Budget 2020/21	304,082
Pay Awards and inflation	6,602
Pressures	7,739
Transfers into 2021/22 settlement	186
Reverse use of General Reserves 20/21	1,650
Draft Budget Required 2021/22	320,259

Estimated total funding available 2021/22

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

Draft Funds Available 2021/22	317,024
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Draft Budget Gap 2021/22

	£'000
Total Budget Required 2021/22	320,259
Estimated Funds Available	317,024
Total Budget Gap 2021/22	3,235
Budget Gap to be funded by	
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 £1.75m relate to the services overviewed by this Scrutiny Committee. In addition there are £1.537m 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:

	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Budget Gap before Directorate Savings	3,235	15,981	17,318
Cumulative Gap	3,235	19,216	36,534
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
Cumulative Gap @ Jan 2021	0	18,905	36,173

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 3rd March 2021.

8. Opportunities and Threats for Services

The Corporate Services budget for 2020/21 total's £18.406m, this report includes savings/cuts/income generation of £50k for 2021/22 and a total of £80k for the period 2022/23 to 2023/24. Details of these savings are shown in the table below:

Division	2020/21 Revised Budget £'000	Savings Proposals		
		2021/22 £'000	2022/23 £'000	2023/24 £'000
Democratic and Corporate Services including Digital Services	8,253	50	30	50
Legal Services	2,457			
Human Resources	2,498			
Finance	3,646			
Directorate Management and Third Sector Grants	1,552			
Total	18,406	50	30	50

The savings proposed for 2021/22 to 2023/24 have already been scrutinised and agreed as part of the 2020/21 budget setting process.

Funding for unavoidable service pressures – base budget

Appendix 1 of this report details additional funding proposed for inclusion in the 2021/22 budget to deal with unavoidable service pressures within Corporate Services. Further information on these pressures are included below:

Legal and Democratic Services – £142k

- Procurement - £5k has been included to cover the full year impact of an additional post. The post was required in order to manage increased workloads in the team, primarily in relation to Social Services and Environment contracts.
- Information Governance – A pressure of £47k is included to fund an additional member of staff. This team helps to ensure that the Council complies with its legislative requirements in relation information governance and data protection.
- Property – An additional £60k has been included to fund additional staff resources required as a result of the increased workload for the team from the City Deal Programme and other development work.
- Land Charges and Legal Services - £25k and £5k respectively have been included to cover reduced income levels resulting from a change in HMRC tax liability and an increase in the rate of fees payable to the Information Commissioners Office.

Human Resources and Organisational Development – £97k

- Media – A pressure of £35k has been included to provide additional capacity for this service area which has seen unprecedented demand during the last year.
- A pressure of £27k has been included to help the Council further understand the poverty issues within the County Borough. By including this pressure in the base budget we will be able to continue to fund a system which enables the

Council to understand who is facing financial hardship and the opportunities that may exist to mitigate that.

- Corporate Policy - £35k has been included to provide increased capacity for the team. The Local Government and Elections Act 2021 is proposing a number of significant changes including amendments to the voting franchise and changes to performance management arrangements which will impact on the workload of the team.

Digital Services – £160k

- £50k and £30k have been included in relation to the increased cost of licences. The £50k is for Microsoft Licences and is due to the number of staff now working from home and therefore requiring access to more Microsoft products. The £30k relates to an increase in the cost of Computer Aided Design (CAD) package licences; as used by architects and engineers.
- A £50k pressure has been included to fund additional staff resources in order to allow the service to provide increased support for users of external IT applications. Specifically the proposal will bring together a number of activities involving the provision of support to various databases. It will remove duplication, improve resilience and free up capacity in a number of services which can then be redirected to support council priorities or converted into cashable savings to support the Council's overall budget position
- £30k has been included to develop automated processes which will replace manual repetitive work. Following Council's approval of "smart and Connected" – our revised digital strategy, we have been piloting a range of new approaches. Robotic Process Improvement in our HR team has shown there is a business case for scaling up the use of this technology across other manual and repetitive processes. This investment is expected to release capacity which can either be redirected to other council priorities or converted into cashable savings to assist the Council's overall budget position

Finance – £25k

- A £25k pressure has been included due to a reduction in income from the Department of Work and Pensions for the Housing Benefit Service.

Corporate - £1,250k

- £500k has been included to increase the Council Tax Support budget. Unfortunately since the start of the pandemic the number of people requiring Council Tax support has increased by over 500. There is also the possibility that this number will rise even further when the UK Government's Job Support Scheme (Furlough) comes to an end.
- A pressure of £250k has been included to fund the cost of pay increments arising from changes to the Green Book pay and grading structure across all Services.
- Contingency – A general contingency of £500k has been included in the base budget in order to deal with unforeseen events including the recent severe flooding.

Other - £76k

The following budget pressure relates to a service which will transfer to the purview of the Education, Skills and Culture Scrutiny Committee following the changes to senior management approved at Personnel Committee on 7th January 2021.

It is included in this report for scrutiny as the budget will be re-aligned with effect from 1st April 2021 and this will be reflected in the final budget report to Cabinet and Council in March.

- Domestic Violence - £76k has been included to provide continuity of funding for two additional Independent Domestic Violence Advisors. Unfortunately the service has seen a substantial increase in demand due partly to the Coronavirus Pandemic. These staff work with those facing the greatest risk of violence and harm. Caseloads are unsafe if these posts are not sustained.

Funding from specific reserves

Funding has been provided from the Corporate Contingency reserve for the following time limited pressures:

Safe and Well Service

£66k has been allocated to continue the provision of this service into 2021/22 as the Coronavirus pandemic continues and the most vulnerable in our communities still require ongoing support. Ongoing support for communities will, in due course, be addressed as part of the recovery planning.

Procurement

£45k per annum for two years has been provided to support the procurement team deal with a temporary increase in demand for their services. The team will be required to support new contractual arrangements in relation to Leisure, Margam Park and Waste Services.

Information Governance

An allocation of £47k per annum has been provided for two years to fund an additional member of staff to deal with information governance and data protection issues.

Other issues

A number of initiatives and developments which will impact on Corporate Services need to be monitored to ensure that both operational and financial implications are understood. These include but are not limited to:

- The Ongoing Coronavirus Pandemic in relation to demand on Council Services
- Brexit
- UK and Welsh Government Public Spending plans
- The Local Government and Elections Act 2022 including web casting; performance self-evaluation and peer reviews; and the introduction of Corporate Joint Committees (CJC's).
- The effect of Covid-19 on staff availability and health
- Loss of experienced senior staff
- Implementation of a new integrated HR / Payroll system

- The City Deal Programme
- Inclement weather including recent severe flooding
- Re-tendering of the Leisure Services contract
- Changes to the procurement and information governance regime stemming from new legislation that will come from the UK Government
- Proposed changes on the law in respect of registration services
- As the Council transitions into recovery and a 'new normal' employees and managers will require different tools and skills sets to operate in what will no doubt be a changed environment.

This is not an exhaustive list and any significant developments will be reported to this Scrutiny committee if and when appropriate.

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 draft budget consultation 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 13th January 2021 to 12th 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 & Investment 2021 to 2024

Ref	Board	Service area	2021/22	2022/23	2023/24
			£'000	£'000	£'000
CORP17	CAB	Housing Benefit Admin Subsidy Grant reductions	25	25	25
CORP19	CAB	Procurement Online Resources - Current Sell to Wales and e-tendering services possible end of WG payment delayed until 2022	0	40	0
CORP21	CAB	ICT Microsoft Licence - increased costs	50	0	0
CORP22	CAB	Procurement - full year impact from additional post provided in 2020 to manage increased Social Services and Environment contracts	5	0	0
CORP23	CAB	Local Government & Elections Act - 1 post built in to provide additional capacity. Further implications and impacts will be reviewed in year including web casting, cost of Peer Review process, CJC's/petitioning etc.	35	0	0
CORP24	CAB	Domestic violence - 2 additional Posts - due to increased caseloads due to Covid and the need for resilience in the service.	76	0	0
CORP25	CAB	Media additional posts - to improve service resilience and to deliver the service via different methods (currently funded from TTP grant)	35	35	0
CORP26	CAB	Increased cost requirements for architects and engineers (CAD) IT Design Licences	30	0	0
CORP27	CAB	IT Coordination administration - for external IT applications	50	0	0
CORP28	CAB	IT costs re automated process to carry out repetitive processing work	30	0	0
CORP29	CAB	Poverty data analysis and support	27	0	0
CORP30	CAB	Information Governance - additional member of staff to manage information governance and data protection work	47	0	0
CORP31	CAB	Land Charges - reduced income levels as a result of HMRC Tax Liability for Official Search Fees	25	0	0
CORP32	CAB	Legal Services - Data Protection Fee increase for Council and Registration Service as set by Information Commissioner's Office	5	0	0
CORP33	CAB	City Deal Property Legal Support	60	0	0

Revenue Service Pressures & Investment 2021 to 2024

Ref	Board	Service area	2021/22	2022/23	2023/24
			£'000	£'000	£'000
OTH009	CAB	New Green Book pay scale additional annual cost provision	250	250	0
CONT8	CAB	Council tax support - increase in claimants following COVID19	500	0	0
CONT1	CAB	General Contingency	500	3,000	3,000
CONT7	CAB	Capital financing costs re 21st Century Schools Band B investment	0	800	0
		Total	1,750	4,150	3,025

Revenue Service Pressures & Investment 2021 to 2024

Budget Pressures funded from Specific Reserves

Ref	Board	Service area	2021/22	2022/23	Comment
			£'000	£'000	
CORP34	CAB	Procurement - additional resources to manage Leisure, Margam Park and Waste contracts for 2 years	45	45	
CORP35	CAB	Safe & Well - 2 Posts to facilitate the service in 2021/22.	66	0	
CORP36	CAB	Information Governance - 3rd member of staff to work on audit of information governance and data protection work for 2 years	47	47	
		Total from Corporate Contingency Reserve	1,437	92	The Reserve has an estimated balance of £2.221m at 31 March 2021
CORP39	CAB	Digital Services - Rewrite of Social Services system	100	100	
		Total from IT Renewals Reserve	100	100	The Reserve has an estimated balance of £761k at 31 March 2021

Savings / Income Generation Previously Approved

Ref	Board	Description	Lead	Main Impacts	Net Budget 2020/21	% Savings	2021/22 £000	2022/23 £000	2023/24 £000
CORP 902	CAB	Reduce management cost - Asst Chief Exec and Digital Services	Karen Jones	Full year effect from 2020/21 of Management review following staff turnover.	8,197	0%	30	0	0
CORP 903	CAB	Digital strategy - further transformation of customer services	Karen Jones	Following success of the Digital strategy this has enabled further remodelling of customers to reflect a shift in customer volumes between face to face, online and telephone channels. This will mean a gradual reduction in face to face services. Automation of telephone calls at contact Centre Service leading to a reduction in the number of jobs. Continued since 2019.	568	4%	20	0	0
CORP 904	CAB	Income generation - info asset sponsorship - implementing the corporate communications and community relations strategy	Karen Jones	Income Generation and Digital Strategy - Introduce targeted sponsorship and advertising policy for the Council's information assets, based on ethically and commercially sound policy. The business case is being developed and is likely to require pump prime funding i.e. invest to save. Delayed due to Covid19 to 2022/23 on.	N/A	N/A	0	30	50
		Total					50	30	50