

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL
REGENERATION AND SUSTAINABLE DEVELOPMENT SCRUTINY
COMMITTEE

REPORT OF THE DIRECTOR OF ENVIRONMENT AND
REGENERATION

5th 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 Regeneration and Sustainable Development 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 12th February 2021 prior to final budget decisions taking place on the 8-9th 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 Cabinet 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 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

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 £579k relate to the services overviewed by this Scrutiny Committee.

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 3rd 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 the Service

The good news is there are no proposed cuts in budget for the Planning and Public Protection and Property and Regeneration services respectively.

Commentary on identified Service Pressures

Planning and Public Protection – a cost pressure of £30k is identified for the following reasons:

- **Local Development Plan (LDP)** – in terms of the wider costs associated with completing the LDP Review, it is estimated that such costs will amount to circa £500k. These potential costs have been highlighted for some time and a reserve has therefore been established for LDP preparation. The funds held within this reserve are currently insufficient and it has been recognised that regular payments to this reserve will be required in line with the proposed trajectory of spend to ensure delivery of the Replacement LDP. There is currently £224k available in the reserve which will be sufficient to cover the projected spend through 2021/22. The £100k pressure identified in 2022/23 however provides for the ongoing commitment to cover the costs of LDP preparation.
- **Asset Sponsorship Management Service** – this income generation scheme has been in place for some time and provides the opportunity for local companies to sponsor Council assets and promote their businesses. It is anticipated that the income generated from this service will be significantly affected given the financial impact of the pandemic on businesses and their ability to sponsor assets. The identified pressure of £15k in 2021/22 reflects the anticipated gap in income generation below the target threshold.
- **Enabling Natural Resources and Well-being Grant (ENRaW)** – given that the Welsh Government is continuing to assess funding commitments and priorities, the Countryside and Wildlife team has yet to receive confirmation of whether they have been successful in a significant grant award associated with the South West Wales 'Connecting Green

Infrastructure' Project – the initial grant application amounted to a budget of £2.42 million over 3 years, of which £981k is direct spend for the Council. A number of posts within the Countryside & Wildlife team structure are reliant on grant funding generally and the identified pressure of £15k in 2021/22 reflects the fixed staff costs to be funded from the unconfirmed ENRaW Grant.

Property and Regeneration – a cost pressure of £549k is identified for the following reasons:

- **Decarbonisation Measures including staffing and maintenance of recharging points for electric vehicles** – in line with the Council's commitment to reducing its carbon footprint as part of its Decarbonisation and Renewable Energy (DARE) Strategy, it has installed a number of EV (Electric vehicle) charging points to service our EV fleet that is increasing in size, year on year. As the number of EV charging points increases it is proposed that, where possible, these will be opened up for use by the general public. An initial budget of £50k in 2021/22 will increase to £100k for 2022/23 and 2023/24 to deal with the strategic expansion of EV across the County Borough and the ongoing maintenance of the EV infrastructure
- **Reduction in Rental income base budget due to ongoing impact of Covid** – the ongoing issue of Covid has had a detrimental impact on businesses in Council owned industrial units, offices and retail premises and, hence, a negative impact on income. The £250k pressure for 2021/22 and the £100k for 2022/23 will cover the reduction in income as a consequence of both the rent free periods that have been granted and the number of likely rental 'voids' as businesses are unable to continue in occupation and new tenants are more difficult to find.
- **NNDR increase re Former Crown Building** – the refurbishment works to the former Metalbox offices will be complete in February and the power supply to the remaining industrial space will be available soon after. It is likely, given the current market conditions, that securing an occupier(s) will be challenging and provision (of £79k) is required to pay NNDR (rates) on the premises in the interim

- **Additional Town Centre Officers** – it is clear that an enhanced management presence is required to meet the challenges facing our town centres. There is currently only one town centre manager covering all our town centres and it is therefore proposed that an additional 2 officers (at an annual cost of £70k) be appointed to help provide a coordinated approach to dealing with these issues, including those that have been accentuated by Covid. The new posts will work with other services in the council, and our external partner organisations, to provide a visible town centre presence.
- **Regeneration, Economic Development and Business Support additional capacity** – whilst capacity was reduced in these services a number of years ago, the volume and complexity of work has increased significantly. Additional staff resources (£100k pa) are required to deliver the existing programmes (including the City Deal), to continue to successfully bid for future funding, and to enable NPT to seek to lead on regional programmes (as current capacity means that this is not possible).

Commentary on risks to be carried forward

Planning and Public Protection – in respect of risks to be carried forward that are not currently reflected in the pressures:

- **Test, Trace and Protect (TTP) and Covid Enforcement Officer Workforce** – in respect of the current position, the TTP workforce is fully funded by Welsh Government until 31st March and partially funded for the duration of the first quarter of 2021/22 (i.e. to end of June'21), whereas the Covid Enforcement workforce is fully funded until 31st March. Whilst discussions are underway with Welsh Government as to what expectations there are on Local Authorities to continue to deliver the necessary TTP/Covid Enforcement work, there is a great deal of uncertainty as to what extent the workforce is to be funded in 2021/22.
- **Environmental Health and Trading Standards Backlog of 'Business as Usual' Work** – given that officers from across

the service have been deployed as an integral part of the Council's wider response to the pandemic, there is now a backlog of 'business as usual' work that has built up over time. This includes, but not limited to, food hygiene inspections; health and safety inspections; proactive HMO inspections; statutory nuisance complaints (e.g. noise); house condition complaints within the private rented sector; feed hygiene and food standards inspections; and the non-food trading standards inspection programme. Moving forward, resources will therefore need to be redirected to address the backlog which may involve the temporary recruitment of staff.

Property & Regeneration – in respect of risks to be carried forward that are not currently reflected in the pressures:

- **Business Support & Economic Development**

Whilst the additional £100k outlined above will provide additional capacity in the service it is unlikely that it will be sufficient to deal with the complex challenges presented by Brexit and repairing our post-Covid economy. Scrutiny will be updated as further information becomes available.

- **Decarbonisation**

The Council has outlined its ambition to reduce its carbon footprint in the DARE strategy and is likely to have to produce a plan to be 'Carbon neutral by 2030' in the near future. To meet this target will require additional staff capacity in both strategy and delivery together with a major capital investment in buildings and fleet. Scrutiny will be updated as further information becomes available.

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 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

15. Background Papers

Budget working papers.

16. Officer Contact

For further information on this report item, please contact:

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Appendix 1 – Revenue Service Pressures & Investment 2021 to 2024

Ref	Board	Service area	2021/22	2022/23	2023/24
			£'000	£'000	£'000
ENVT26	R&SD	Additional funds for LDP review for the period to 2024 - £224k available in LDP reserve	0	100	0
ENVT29	R&SD	Asset Sponsorship Management Service - income below target threshold	15	0	0
ENVT30	R&SD	Fixed costs funded out of Enabling Natural Resources and Wellbeing Grant	15	0	0
ENVT31	R&SD	Decarbonisation Measures including staffing and maintenance of recharging points for electric vehicles	50	100	100
ENVT33	R&SD	Reduction in Rental income base budget due to ongoing impact of Covid	250	-150	-100
ENVT35	R&SD	NNDR increase re Former Crown Building	79	0	0
ENVT36	R&SD	Additional Town Centre Officers	70	0	0
ENVT37	R&SD	Regeneration, Economic Development and Business Support additional capacity	100	100	0
		Total	579	150	0