

SWT Community Scrutiny Committee

Wednesday, 24th November, 2021,
6.15 pm



Somerset West
and Taunton

The John Meikle Room - The Deane
House

[SWT MEETING WEBCAST LINK](#)

Members: Libby Lisgo (Chair), Dave Mansell (Vice-Chair), Simon Coles, Steve Griffiths, John Hunt, Dawn Johnson, Richard Lees, Mark Lithgow, Janet Lloyd, Andy Milne, Andy Pritchard, Vivienne Stock-Williams, Ray Tully and Sarah Wakefield

Agenda

1. Apologies

To receive any apologies for absence.

2. Minutes of the previous meeting of the Community Scrutiny Committee

To approve the minutes of the previous meeting of the Community Scrutiny Committee held on 28th October 2021

(Pages 5 - 10)

3. Declarations of Interest

To receive and note any declarations of disclosable pecuniary or prejudicial or personal interests in respect of any matters included on the agenda for consideration at this meeting.

(The personal interests of Councillors and Clerks of Somerset County Council, Town or Parish Councils and other Local Authorities will automatically be recorded in the minutes.)

4. Public Participation

The Chair to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public who have submitted any questions or statements, please note, a three minute time

limit applies to each speaker and you will be asked to speak before Councillors debate the issue.

Temporary measures during the Coronavirus pandemic

Due to the temporary legislation (within the Coronavirus Act 2020, which allowed for use of virtual meetings) coming to an end on 6 May 2021, the council's committee meetings will now take place in the office buildings at the John Meikle Room, Deane House, Belvedere Road, Taunton.

Unfortunately due to capacity requirements the Chamber at West Somerset House is not able to be used at this current moment.

Following the Government guidance on measures to reduce the transmission of coronavirus (COVID-19), the council meeting rooms will have very limited capacity. With this in mind, we will only be encouraging those members of the public who have registered to speak to attend the meetings in person at the office buildings, if they wish. (We will still be offering to those members of the public that are not comfortable in attending, for their statements to be read out by a member of the Governance team). Please can we urge all members of the public who are only interested in listening to the debate to view our live webcasts from the safety of their own home to help prevent the transmission of coronavirus (COVID-19).

- 5. Community Scrutiny Request/Recommendation Trackers** (Pages 11 - 14)

To update the Community Scrutiny Committee on the progress of resolutions and recommendations from previous meetings of the Committee.
- 6. Community Scrutiny Forward Plan** (Pages 15 - 16)

To receive items and review the Forward Plan.
- 7. Executive and Full Council Forward Plans** (Pages 17 - 20)

To review the Forward Plans of the Executive and Full Council.
- 8. 2021/22 Housing Revenue Account Financial Monitoring as at Quarter 2 (30 September 2021)** (Pages 21 - 42)

This report is the responsibility of Executive Councillor Francesca Smith, Portfolio Holder for Housing.

This report is to be noted as the HRA's forecast financial performance and projected reserves position for 2021/22 financial year as at 30 September 2021.

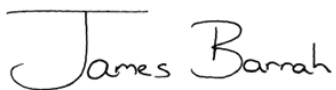
A request of the Executive is that they approve the return of £175k from earmarked reserves to general reserves.

9. Draft 2022/23 Housing Revenue Account Budget Update

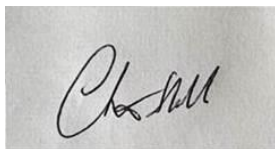
(Pages 43 - 56)

This report is the responsibility of Executive Councillor for Housing, Cllr Francesca Smith.

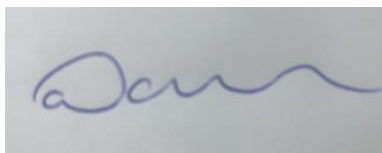
The purpose of this report is to provide Members with an update on progress of the Housing Revenue Account (HRA) regarding Budget Setting for 2022/23, the latest Medium Term Financial Plan (MTFP) forecasts, the 30-Year Business Plan, and the areas to be finalised.



JAMES BARRAH
DIRECTOR OF HOUSING AND COMMUNITIES



CHRIS HALL
DIRECTOR OF DEVELOPMENT AND PLACE



ALISON NORTH
DIRECTOR OF INTERNAL OPERATIONS



ANDREW PRITCHARD
DIRECTOR OF EXTERNAL OPERATIONS

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Following Government guidance on measures to reduce the transmission of coronavirus (COVID-19), we will be live webcasting our committee meetings and you are welcome to view and listen to the discussion. The link to each webcast will be available on the meeting webpage, but you can also access them on the [Somerset West and Taunton webcasting website](#).

If you would like to ask a question or speak at a meeting, you will need to submit your request to a member of the Governance Team in advance of the meeting. You can request to speak at a Council meeting by emailing your full name, the agenda item and your question to the Governance Team using governance@somersetwestandtaunton.gov.uk

Any requests need to be received by 4pm on the day that provides 2 clear working days before the meeting (excluding the day of the meeting itself). For example, if the meeting is due to take place on a Tuesday, requests need to be received by 4pm on the Thursday prior to the meeting.

The Governance and Democracy Case Manager will take the details of your question or speech and will distribute them to the Committee prior to the meeting. The Chair will then invite you to speak at the beginning of the meeting under the agenda item Public Question Time, but speaking is limited to three minutes per person in an overall period of 15 minutes and you can only speak to the Committee once. If there are a group of people attending to speak about a particular item then a representative should be chosen to speak on behalf of the group.

Please see below for Temporary Measures during Coronavirus Pandemic and the changes we are making to public participation:-

Due to the temporary legislation (within the Coronavirus Act 2020, which allowed for use of virtual meetings) coming to an end on 6 May 2021, the council's committee meetings will now take place in the office buildings within the John Meikle Meeting Room at the Deane House, Belvedere Road, Taunton. Unfortunately due to capacity requirements, the Chamber at West Somerset House is not able to be used at this current moment.

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SWT Community Scrutiny Committee - 28 October 2021

Present: Councillor Libby Lisgo (Chair)
 Councillors Dave Mansell, Simon Coles, Richard Lees, Sue Lees, Mark Lithgow, Janet Lloyd, Andy Milne, Sarah Wakefield and Loretta Whetlor

Also Present: Councillor Chris Booth (PFH Communities)
 (Via Zoom) Councillors Andrew Pritchard, Ray Tully and Francesca Smith (PFH Housing)

Officers: James Barrah, Chris Brown, Paul Fitzgerald, Sam Murrell, Marcus Prouse, Scott Weetch and Jane Windebank

(The meeting commenced at 6.15 pm)

40. **Apologies**

Apologies were received from Cllrs Dawn Johnson, Steve Griffiths, who was substituted by Cllr Sue Lees and John Hunt, who was substituted by Cllr Loretta Whetlor.

41. **Minutes of the previous meeting of the Community Scrutiny Committee**

(Minutes of the meeting of the Community Scrutiny Committee meeting held on 30th September 2021 were circulated with the agenda).

RESOLVED that the minutes of the Community Scrutiny Committee meeting held on the 30th September 2021 were confirmed as a correct record.

42. **Declarations of Interest**

Name	Minute No.	Description of Interest	Reason	Action Taken
Cllr S Coles	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr R Lees	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr S Lees	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr L Lisgo	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr M Lithgow	All Items	Wellington	Personal	Spoke and Voted

Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted
Cllr D Mansell	All Items	Wiveliscombe & District	Personal	Spoke and Voted
Cllr A Milne	All Items	Porlock	Personal	Spoke and Voted
Cllr A Pritchard	All items	West Monkton and Cheddon Fitzpaine	Personal	Spoke
Cllr R Tully	All Items	West Monkton	Personal	Spoke
Cllr S Wakefield	All Items	Trull, Pitminster & Corfe	Personal	Spoke and Voted
Cllr L Whetlor	All Items	Watchet	Personal	Spoke and Voted

Cllrs Libby Lisgo, Sue Lees, Sarah Wakefield and Loretta Whetlor declared an interest in Item 8 as members of the Working Group reviewing the VCSE grants.

43. **Public Participation**

No members of the public had requested to make a statement or ask a question on any item on the Agenda.

44. **Community Scrutiny Request/Recommendation Trackers**

The comments around the fountain in Wellington were noted.

RESOLVED to note the Community Scrutiny request and recommendation trackers.

45. **Community Scrutiny Forward Plan**

RESOLVED to note and approve the Community Scrutiny Forward Plan.

46. **Executive and Full Council Forward Plans**

RESOLVED to note the Executive and Full Council Forward Plans.

47. **Review of Voluntary and Community Sector Grants**

Cllr Chris Booth presented the report to Scrutiny and made the following recommendation:-

To recommend the schedule of grants set out within the table 'Proposed Voluntary and Community Sector Grants 2022/23' in section 6.2 of the report to the Executive to be held on 17th November 2021.

Scott Weetch also referred to the comments made by the S151 Officer Paul Fitzgerald in 6.5 of the report.

During the discussion the following points were made: -

- Thanks were extended to the Officers and Councillors who served on the Working Group for their time and expertise in putting the report together.
- The Working Group had been impressed with the strength and depth of work being undertaken by the voluntary sector outlined in the many different zoom presentations they had received.
- CLOWNS - acronym for **C**reating **L**earning **O**pportunities in **W**ester**N** **S**omerset.
- The Wiveliscombe Area Partnership was a greatly valued, multi-agency hub that served the wider community in and around Wiveliscombe. It had been a great source of support during the pandemic and was responsible for amongst many other services the Wivey Link transport group. It was considered a good model for partnership working in a rural area.
- An officer within the council has capacity to incorporate the CIL work which was previously outsourced to the CCS. The Working Group saw the value in returning this to an in-house service.
- Particular mention was made about the good work that both Advice Bureaus carry out across the district and whether any identified underspend could be redistributed to them.
- Concern was raised about longevity and ongoing sustainability of grant funding beyond the life of SWT. It was important for the VCSE to know so that they could plan projects and cashflow before committing expenditure.
 - Some of the contracts will be co-terminus with the life of SWT and are due to end in March of 2023.
 - Others will extend beyond this date and will be honoured for the duration of the contract term but will obviously be reviewed by the successive authority going forward.
- Officers are already having conversations with various groups to determine how it will impact on their services and planning mitigation. This is in line with the other district councils in Somerset who are in a similar position.
- It is not in the power of SWT to make commitments or provide certainty on grants and funding beyond March 2023. This would be the remit of the new Somerset Council or possibly the transitional body/shadow council in setting their budgets for the new authority.
- Councillors and officers will continue to lobby hard to ensure there is as little disruption as possible to the VCSE whilst the transition to the new Unitary Council takes place.

RESOLVED to accept the report recommendations whilst incorporating the key concerns around ongoing sustainability after March 2023 and support for the VCSE.

48. **North Taunton Woolaway Project - Authorisation to make a Compulsory Purchase Order in relation to the North Taunton Woolaway Project**

Cllr Francesca Smith presented the report to Scrutiny via Zoom. Jane Windebank provided a detailed PowerPoint presentation on the current issues.

During the discussion the following points were made: -

- This is a precautionary measure and is aimed at private homeowners who have previously purchased a Woolaway property under the Councils Right to Buy Scheme. It is to ensure that the council has vacant possession of all properties in the North Taunton development area and prevent unnecessary delays on the demolition date. National guidelines recognise the benefit of beginning the CPO process and securing a CPO even if it's not required later. It will also ensure that homeowners are aware of the Council's intentions to proceed with a CPO and thus enter more readily into meaningful negotiations.
- The paragraphs in italics (2.5 and 4.7) will be removed from the final report.
- Issues around decant and moving need to be handled sensitively and supportively. It will be difficult, painful and emotional for some residents to give up their family home. The housing team are working hard to support residents in this situation.
- The CPO only relates to private homeowners and not tenants. The new development is 100% social housing. There is no private home ownership. The options for tenants who have been decanted are that they can remain in the temporary accommodation if they wish to make it their permanent home; move to an alternative new home or can move back to the scheme on completion.
- Since the Council moved to re-develop the North Taunton Area, tenants occupying the Woolaway homes in the scheme have had their Right To Buy frozen. Future purchases on the development area have been put on hold due to the demolition order on the site.
- Due to the well-known inherent problems associated with Woolaway construction, it is difficult to obtain a mortgage and purchase on the open market. This also proves a problem for someone trying to sell as they may be in a negative or low equity situation.
- Tenants are usually waiting for between 12-18months for a suitable property, but this depends on their choices and whether they are waiting for a specific home in a specific road. This can prolong the process. Tenants in decant are moved to gold banding and awarded extra back-dated "waiting points" which gives them high priority for re-housing but they could be competing alongside other tenants who are also in the same decant situation and have the same required housing need. COVID-19 also delayed the re-build on the Phase A development, so those tenants have had to wait longer.

- Financial compensation (disturbance payment) will be offered to those homeowners who are forced to move and the Council offers an incentive scheme to encourage vacant possession over and above the market value of the CPO. This will assist those who are looking to purchase a traditional property on the open market and may be facing a funding shortfall. Equity loans are also available to owner-occupiers, and this has already been taken up and enabled owners to move to new homes.
- Some of the homeowners may consider moving on to social housing via the Homefinder route due to a change in their personal circumstances.

RESOLVED to accept the report recommendations whilst highlighting that the SWT Housing Directorate continues to fully support vulnerable households/individuals who find themselves in these circumstances and are forced to move.

(The Meeting ended at 7.25 pm)

SOMERSET WEST AND TAUNTON COUNCIL
 COMMUNITY SCRUTINY COMMITTEE RECOMMENDATION TRACKER 2021/22

Date of Cttee	Scrutiny Recommendation	Decision Maker /Directorate Responsible	Final Decision/ Response to recommendation/	Date of response	Implemented?	Officer Comments/Update

Total Recommendations for 21/22:

Agreed: 0

Agreed in Part: 0

Not Agreed: 0

TBD:

SOMERSET WEST AND TAUNTON COUNCIL
COMMUNITY SCRUTINY COMMITTEE WRITTEN ANSWERS TRACKER 2021/22

Date of Cttee	Scrutiny Cttee Request for information	Decision Maker /Directorate Responsible	Response to request for information	Date response of	Scrutiny Officer Comments/Update
30/06/21	- Q) to Cllr Perry PFH - Why are the fountains not on in SWT Parks?	Cllr Perry – Parks and OS	The fountains are not working as the pump has an issue with the bearings. They have under gone various repairs and all was working really well for a few weeks, then the bearings went, we have ordered a new pump as they don't make the bearings anymore for this pump.	23/09/21	.Cllr Lloyd – more information on Wellington

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COMMUNITY SCRUTINY

Meeting	Draft Agenda Items	Lead PFH/ Lead Officer
24th November 2021	HRA 2022/23 Draft Budget Update	Cllr F Smith / E. Collacott
SRD = 12 November		
Exec RD = 3 December		
Informal Exec RD = 2 Nov		
SMT RD = 20 October		
6th January 2022	Car Parking Review	Cllr M. Rigby / S. Noyce
SRD = 20 December	Housing Revenue and Capital Budget Setting 2022/23 including Dwelling Rent Setting 2022/23 and 30 Year Business Plan Review	Paul F/ Emily C/ James B
Exec RD = 7 January	CCTV Review	Cllr C Booth/ S. Weetch
Informal Exec RD = 30 Nov	Onion Collective	reps from Onion Collective
SMT RD = 17 November		
27th January 2022	CNCR Plan (to incorporate ecological emergency)	Sue Tomlinson / Cllr D Darch
SRD = 17 January	Executive Cllr PFH Session - Cllr D Darch	Cllr D Darch
Exec RD = 4 February	Council Housing Zero Carbon Retrofit Task and Finish Group	Cllr D Mansell / Chair
Informal Exec RD = 4 Jan		
SMT RD = 8 December		
23rd February 2022	Executive Cllr PFH Session - Cllr D Perry	
SRD = 11 February	Sports and Leisure Management (Everyone Active) Bi-Annual Report	Cllr D. Perry & S Noyce
Exec RD = 4 March		
Informal Exec RD = 1 Feb		
SMT RD = 19 January		
31st March 2021	Executive Cllr PFH Session - Cllr A Sully	
SRD = 21 March		
Exec RD = 6 April		
Informal Exec RD = 8 March		
SMT RD = 23 February		
27th April 2021	Executive Cllr PFH Session -	
SRD =		
TBC	Health and Wellbeing Board Update	Cllr C Booth/ M. Leeman
	Marina Lease	J Stevens / Cllr M Kravis

EXECUTIVE

Executive Meeting	Draft Agenda Items	Lead Officer
17 November 2021	Voluntary and Community Sector Grants Review	Scott Weetch
venue =	Public Realm Design Guide for Taunton Garden Town – Feedback	Fiona Webb
Exec RD = 5 November	Somerset West and Taunton Districtwide Design Guide	Fiona Webb
Informal Exec RD = 5 October	North Taunton CPO	Chris Brown/Jane Windebank
SMT RD = 22 September		
15 December 2021	GF Financial Performance 2021/22 Q2	Emily Collacott
	HRA Financial Performance 2021/22 Q2	Emily Collacott
venue =	Corporate Performance Report Q2	Malcolm Riches
Exec RD = 3 December	Housing Revenue Account 2022/23 Draft Budget Update	Emily Collacott
Informal Exec RD = 2 November	General Fund 2022/23 Draft Budget Update	Emily Collacott
SMT RD = 20 October	Lease of Monkton Heathfield Country Park Report	Sally Stark
19 January 2022	Housing Revenue and Capital Budget Setting 2022/23 including Dwelling Rent Setting 2022/23 and 30 Year Business Plan Review	Paul Fitzgerald
venue =	Longforth Masterplan	Sarah Povall
Exec RD = 7 January	Employment Land Feasibility Study in West Somerset	Robert Downes
Informal Exec RD = 30 November	SWP Business Plan	Stuart Noyce/Mickey Green
	Litter Strategy	Vicky Lowman/Stuart Noyce
	External Litter Enforcement One Year Trial	Vicky Lowman/Stuart Noyce
SMT RD = 17 November	NO MORE ITEMS	
Budget - 9 February 2022	General Fund Revenue Budget and Capital Estimates 2022/23	Paul Fitzgerald
venue =	Council Tax Setting 2022/23	Paul Fitzgerald
Exec RD = 28 January	NO MORE ITEMS	
Informal Exec RD = 4 January	Special Meeting	
SMT RD = 8 December		
16 February 2022	Tower Street	Natalie Kirbyshire
venue =	CCTV	Sally Parry/Scott Weetch
Exec RD = 4 February		
Informal Exec RD = 4 January		

SMT RD = 8 December		
16 March 2022	Financial Performance 2021/22 Q3	Emily Collacott
venue =	Capital, Investment and Treasury Strategy 2022/23	Paul Fitzgerald
Exec RD = 4 March	Corporate Performance Report Q3	Malcolm Riches
Informal Exec RD = 1 February		
SMT RD = 19 January		
20 April 2022		
venue =		
Exec RD = 6 April		
Informal Exec RD = 8 March		
SMT RD = 23 February		
Items to be Confirmed	RIPA Policy	Amy Tregellas
	Marina Lease (November 2022)	Andrew Pritchard/New AD
	Firepool Design Guidance and Masterplan	Graeme Thompson/Tim Bacon

FULL COUNCIL

Meeting	Report Deadline	Draft Agenda Items	Lead Officer
16 November 2021	4 November 2021	Appointment of CEO	Julie-Ann Wyatt
Special Meeting		NO MORE ITEMS	
7 December 2021	25 November 2021	Voluntary and Community Sector Grants Review	Scott Weetch
		North Taunton CPO	Chris Brown/Jane Windebank
		Public Realm Design Guide for Taunton Garden Town – Feedback	Fiona Webb
		Somerset West and Taunton Districtwide Design Guide	Fiona Webb
		Council Tax Support Scheme 2022/23	Mark Antonelli
		Constitution Update	Kevin Williams
		To consider a proposal for a Local Government Reorganisation Joint Scrutiny Committee	Kevin Williams
		NO MORE ITEMS	
18 January 2022	6 January 2022	Asset Management Strategy	Chris Hall
Special Meeting		Commercial Investment Review	Joe Wharton
		Commercial Investment Strategy	Joe Wharton
		NO MORE ITEMS	
8 February 2022	27 January 2022	Housing Revenue and Capital Budget Setting 2022/23 including Dwelling Rent Setting 2022/23 and 30 Year Business Plan Review	Paul Fitzgerald
		External Audit Arrangements	Paul Fitzgerald
		Employment Land Feasibility Study in West Somerset	Robert Downes
		Statement of Licensing and Gambling Policy	John Rendell
24 February 2022	14 February 2022	General Fund Revenue Budget and Capital Estimates 2022/23	Paul Fitzgerald
Budget Only		Council Tax Setting 2022/23	Paul Fitzgerald
Special Meeting		NO MORE ITEMS	
29 March 2022	17 March 2022	Capital, Investment and Treasury Strategy 2022/23	Paul Fitzgerald

		Longforth Masterplan	Sarah Povall
		SWT Pay Policy	Sean Papworth
		Tower Street	Natalie Kirbyshire
		CCTV	Sally Parry/Scott Weetch
10 May 2022	28 April 2022	Annual Council Meeting	
		Council Committees for 2021/2022 and their Terms of Reference	Amy Tregellas
		Appointment of Representatives on Outside Bodies	Amy Tregellas
		To authorise the sealing or signing of documents to give effect to any decisions taken	Amy Tregellas
ITEMS TO BE CONFIRMED		Marina Lease (December 2022)	Andrew Pritchard/Jonathan Steve
		Firepool Design Guidance and Masterplan	Graeme Thompson/Tim Bacon

Report Number: SWT 96/21

Somerset West and Taunton Council

Community Scrutiny – 24 November 2021

2021/22 Housing Revenue Account Financial Monitoring as at Quarter 2 (30 September 2021)

This matter is the responsibility of Executive Councillor Fran Smith, Housing

Report Author: Kerry Prisco (Management Accounting and Reporting Lead)

1 Executive Summary

- 1.1 This report provides an update on the projected outturn financial position of the Council's Housing Revenue Account (HRA) for the financial year 2021/22 (as at 30 September 2021).
- 1.2 The current HRA **Revenue Budget** forecast is a projected overspend of £566k.
- 1.3 The revenue position is under significant pressure as it continues to be affected by the ongoing impact of COVID and operating within an environment of economic recovery. The service has a backlog of responsive and planned maintenance and compliance works to be undertaken. Costs are escalating in terms of materials, staffing, compliance, and servicing costs. Future financial pressures are still to be confirmed in terms of staff pay award, income collection, cost of implementing regulatory changes, and the cost of implementing a unitary authority. A thorough analysis of risks and uncertainties facing the HRA has been undertaken and careful monitoring of these will continue for early indications of further financial pressures.
- 1.4 There is currently sufficient capacity in general reserves to cover new in-year pressures identified to date and the current forecast outturn position.
- 1.5 The **unearmarked reserves** are projected to be £2.493m which is £492k above the recommended minimum balance of £2m.
- 1.6 Whilst best endeavours to forecast with as much accuracy as possible we have seen a historical change in forecasts each quarter and to year end. However, it is essential that action is implemented in the remainder of this year to control spending to reduce the forecast overspend and maintain adequate reserves. The housing senior management team are currently working through options to see what can be done to contain the overall position.
- 1.7 The HRA **Capital Programme** has a total approved budget of £118m. The profiled budgeted spend for 2021/22 is £29m and this is currently forecast to underspend in the year by £11.5m due to slippage of costs/works into 2022/23.

1.8 The **earmarked reserves** opening balance is £1.1m. Of this £869k has been returned to general reserves to mitigate in-year budget pressures. A further £175k is being proposed to be returned to general reserves.

2 Recommendations

2.1 This report is to be noted as the HRA's forecast financial performance and projected reserves position for 2021/22 financial year as at 30 September 2021.

2.2 The Executive approves the return of £175k from earmarked reserves to general reserves.

3 Risk Assessment

3.1 Financial forecasts are based on known information and projections based on assumptions and reasonable estimates. As such any forecast carries an element of risk. The current forecasts included in this report are considered reasonable given the extra element of risk around COVID and pace of economic recovery and based on experience it is feasible the year end position could change. It is common for further variances to emerge during the last quarter, reflecting an optimism bias within previous forecasting.

3.2 Despite the risks related to forecasting assumptions, it is essential that measures are implemented promptly to ensure the financial resilience of the Housing Revenue Account and adequate reserves are maintained. The current forecast highlights a risk that reserves may fall below acceptable levels by the end of this financial year if the projected over spend outturn position was to increase.

3.3 Salient in year budget risks are summarised in section 9 in this report. The Council manages financial risk in several ways including setting prudent budgets, carrying out appropriate monitoring and control of spend, and operating robust financial procedures. The Council also holds both general and earmarked reserves which include contingencies to manage budget risk, though these are low for the HRA.

4 Background and Full details of the Report

4.1 This report provides the Housing Revenue Account (HRA) forecast end of year financial position for revenue and capital expenditure as at 30 September 2021.

4.2 The regular monitoring of financial information is a key element in the HRA's Performance Management Framework. Crucially it enables remedial action to be taken in response to significant budget variances, some of which may be unavoidable. It also provides the opportunity to assess any consequent impact on reserves and the HRA's Medium Term Financial Plan and 30-Year Business Plan.

4.3 Members will be aware from previous experience that the position can change between 'in-year' projections and the final outturn position, mainly due to demand-led service costs and income levels. The budget monitoring process involves a detailed review of the more volatile budgets and a proportionate review of low risk/low volatility budget areas. Budget Holders, with support and advice from their finance business partners,

update their forecasts monthly based on currently available information and knowledge of service requirements for the remainder of the year. As with any forecast there is always a risk that some unforeseen changes could influence the position at the year-end, and several risks and uncertainties are highlighted within this report. However, the following forecast is reasonable based on current information.

5 HRA Revenue Budget 2021/22 Forecast Outturn

- 5.1 The HRA is a ring-fenced, self-financing, account used to manage the Council's housing stock of some 5,700 properties, with the Council acting as the Landlord.
- 5.2 The Council retains all rental income to meet the costs of managing and maintaining the housing stock, as well as meeting the interest payments and repayment of capital debt.
- 5.3 The current year end forecast outturn position for the Housing Revenue Account for 2021/22 is a net overspend of £566k. This is a slight reduction on the projected overspend of £610k as reported in Q1, though the outturn position is still of significant concern.

Table 1: HRA Revenue Outturn Summary

	Current Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Gross Income	-27,668	-27,398	269	1.0%
Service Expenditure	15,334	15,924	590	2.1%
Other Expenditure	12,333	12,040	-293	-1.1%
Total	0	566	566	2.0%

- 5.4 The variances to budget are shown in more detail in Table 2 and following explanations.

Table 2: Summary of Forecast Variances for the Year

	Current Budget £000	Outturn Forecast £000	Variance £000
Gross Income:			
Dwelling Rents	-24,951	-24,660	291
Non-Dwelling Rents	-704	-696	8
Charges for Services / Facilities	-1,623	-1,650	-27
Other Income	-389	-392	-2
Sub-Total Gross Income	-27,667	-27,398	269
Service Expenditure:			
Development & Regeneration	287	22	-265
Community Resilience	154	162	8
Tenancy Management	2,051	2,105	54
Maintenance	4,202	4,884	682

Assets	1,286	1,149	-137
Compliance	2,317	2,755	438
Performance	5,037	4,889	-187
Sub-Total Service Expenditure	15,334	15,924	590
Central Costs / Movement in Reserves:			
Revenue Contribution to Capital	-	-	-
Interest Payable	2,669	2,669	-
Interest Receivable	-	-	-
Change in Provision for Bad Debt	180	180	-
Depreciation	7,663	7,370	-293
Capital Debt Repayment	1,821	1,821	-
Sub-Total Central Costs / Movement in Reserves:	12,333	12,040	-293
Net Surplus(-) / Deficit for the Year	-	566	566

Income

- 5.5 **Dwelling Rent Income:** the budgeted income for 2021/22 is £24.951m, which reflects an assumption of 2% void losses and applying a 52-week year. The overall current projections suggest that less income will be recovered than predicted when setting the budget and providing an allowance for voids. Some of this is due to stock reductions related to the North Taunton regeneration scheme. However, it is early in the year and future level of voids could impact on the outturn. The current projection for dwelling rent income is an under recovery against budget of £291k however we will work hard on rent collection to minimise the impact as far as possible throughout the rest of the year.
- 5.6 **Charges for Services / Facilities:**
- 5.7 The budgeted income for 2021/22 for the **Service Charge Income for Dwellings** (after discounts have been applied to tenants such as Piper Charge to Sheltered Housing and Extra Care) less an average 2% void loss and applying a 52-week year, is £1.380m. The current projections suggest that c£37k more income will be recovered than predicted when setting the budget and providing an allowance for voids. However, it is early in the year and future level of voids could impact on the outturn.
- 5.8 The budgeted income for **Meeting Halls** for 2021/22 is £10k. The current projection is that no income will be received due to COVID restrictions preventing this service to be provided. We have just re-opened meeting halls and are tentatively taking some bookings, so are hoping this position will improve for Q3 reporting.

Expenditure

- 5.9 **Development & Regeneration:** The underspend relates to a few posts held vacant for the early part of the year. The delivery of new development projects has not required this

resource as the service has focused on establishing a development pipeline. The development pipeline of 342 units is now established and following procurement and planning this resource in the structure will be required as the service increasingly moves into delivery from 2021/22.

- 5.10 **Maintenance:** this relates to the ongoing repairs and maintenance of the housing stock either tenanted or void activity undertaken to ensure our Lettable Standard is met. The current forecast predicts an overspend of £682k which relates to rising cost of materials and delivering the backlog of repairs following covid restrictions.
- 5.11 **Assets:** The underspend is primarily due to the delivery of the pre-planned maintenance external decorations programme being delayed due to covid restricting staffing resources.
- 5.12 **Compliance:** The projected cost pressures in respect of compliance activity and works has increased significantly, with the projected overspend in this area increasing from £233k (Q1) to £438k. The variance shown is primarily caused by two key areas of compliance activity, namely the updated property asbestos survey programme and the property electrical inspection programme. In particular, the electrical safety checks being undertaken are identifying a higher level of required remedial actions – these cost pressures against the HRA revenue budget are being reviewed and will be mitigated as far as possible by capitalising where appropriate to do so.
- 5.13 **Performance:** Of the total budget of £5m, £3.972m relates to shared costs such as support services, pension deficit, governance leaving £1.065m on operating costs such as staffing, insurance, training, travel, stationery, printing and bank charges, as well as the Tenants Empowerment and Tenants Action Group. The underspend is mainly an updated projection of shared support staff plus a combination of various small overspends offset by part year vacancy savings in the performance team and forecast underspends in both Tenants Empowerment and Tenants Action Group costs.
- 5.14 **Depreciation:** This is the current estimate for depreciation charges for the HRA. These will be finalised at the end of the financial year. Depreciation costs are credited to the Major Repairs Reserve and reinvested in the housing stock through financing of the capital programme.

6 HRA Capital Programme

- 6.1 The HRA approved Capital Programme is £118.3m. This consists of £13.8m of new schemes approved for 2021/22 plus £104.5m of previously approved schemes in prior years (see **Appendix A**).
- 6.2 The Council plans to finance this investment through the Major Repairs Reserve, Capital Receipts, Revenue Funding and Borrowing (see **Appendix B**).
- 6.3 The HRA Capital Programme relates to in-year works and longer-term schemes that will be completed over the next ten years. The current planned profiled spend is summarised in **Appendix C**. The budget has been profiled to reflect the estimated timing of costs for

the approved schemes, with £29.9m profiled to be spent in 2021/22 with the balance of £88.4m projected forward into future years.

- 6.4 Further information on the three distinct areas of the HRA capital programme and its financial performance to date against this financial year can be found below and in **Appendix D**. It is currently forecast that the programme will underspend against profiled budget for 2021/22 by £11.5m with those costs slipping into subsequent years.
- 6.5 **Major Works:** The approved budget of £14.5m is funded by the Major Repairs Reserve and relates to spend on major works to existing dwellings. New schemes approved for 2021/22 total £8.9m with slippage from the prior year of £5.6m.
- 6.6 All internal capital programme works were placed on hold during the COVID lockdown periods, and some external works were also delayed, causing budget slippage to occur from the 2020/21 financial year. We have therefore put in place plans to increase the level of overall capital programmes to be delivered in 2021/22, although it should be noted that delivering this volume of works will be very challenging. We are recruiting additional capital programme staff resources to assist with delivery of these programmes and we are also undertaking further procurement for a range of new capital contracts.
- 6.7 The 2021/22 capital programme includes major programmes such as:
- Kitchens
 - Bathrooms
 - Air Source Heat Pumps
 - Heating improvements
 - Insulation and ventilation
 - Door entry systems
 - External doors
 - Fasciae and soffits
 - Roofing
 - Windows
 - Special Projects (e.g. major refurbishment, external improvement works, structural works, etc.)
- 6.8 The current forecast projection is an underspend against in-year profiled budget of £5.6m which will fall into subsequent years.
- 6.9 **Improvements:** The approved budget of £3.8m is funded by the Major Repairs Reserve and relates to spend on improvements to existing dwellings. New schemes approved for 2021/22 total £1.1m with slippage from the prior year of £2.7m.
- 6.10 As noted in Major Works above, all internal capital programme works were placed on hold during the COVID lockdown periods causing budget slippage to occur from the 2020/21 financial year and this also affected some improvement programmes. Fire safety improvement works are being prioritised following recommendations from recently completed Fire Risk Assessments. We have therefore carried out further procurement on two significant areas (installation of replacement fire doors, and new emergency

lighting to communal areas) and these contracts are to commence shortly. The spike in procurement activity is placing increased pressure on contract management and procurement capacity, with additional temporary resources recently recruited to help mitigate this.

- 6.11 The current forecast projection is an underspend against budget of £669k on fire safety and £40k on aids and adaptations.
- 6.12 **Social Housing Development Programme:** The approved budget of £100m is for the provision of new housing through schemes such as Phases A-E for North Taunton Regeneration (NTWP), Seaward Way, Oxford Inn, Zero Carbon Affordable Homes and other buybacks to increase the Council's housing stock.
- 6.13 The new build programme has entered into one contract (Phase A NTWP) and is due to enter into a second contract (Seaward Way) in 2021/2022. This will obligate SWT through contract £21m of spend between 2021 and 2024 and SWT will gain 101 new low carbon council homes and a community facility. Both contracts are design and build and therefore provide the council with cost certainty with costs risk primarily borne by the contractors. The service is also bringing forward a new planning application for NTWP phases B and C.
- 6.14 The Director of Housing will consider the decanting of Phase Ci (12 tenanted units) in late summer in anticipation of a start on site for Phase B and Ci early next financial year. Rent loss at NTWP will increase up to 2025/2026 at which time additional units, over those demolished, will generate greater income at the point of phase D delivery. Predicted void loss is reflected in the HRA Business Plan and this will continue to be updated with business plan reviews. The decant strategy will decant customers in smaller subphases and retain as many customers within the scheme area through a two-move approach in order to maximise rental income. Some NTWP dwellings will continue to be used for temporary accommodation providing an income to mitigate some rent loss.
- 6.15 The service will review the delivery timescales and budget for the 61 new build units in the zero carbon affordable homes pilot and Oxford Inn following planning permission which is subject to a requirement to mitigate against phosphates. The garage income from these sites will not be affected by the proposed development until contracts are let for the schemes. Refurbishment schemes at Oake and NTWP Phase E will commence 2022/2023 with rent loss being controlled by limiting the number of units under refurbishment to circa four per scheme at any one time.
- 6.16 Please note that there have been changes to the use of Right To Buy (RTB) receipts which are favourable to SWT and its new build programme. The new rules will increase the subsidy available for new build schemes by circa 10% and reduce the borrowing required for the schemes. All schemes are being future proofed to meet 2030 and 2050 low and zero carbon targets.
- 6.17 The current forecast projection is an underspend against budget of £5.2m as new build schemes are projected to meet RTB 1-4-1 spend requirements instead of purchases and some delays in schemes commencing.

7 HRA Earmarked Reserves

- 7.1 The HRA Earmarked Reserves at the beginning of 2021/22 totalled £1.107m (see **Table 3** below). Of this £869k was approved to be returned to General Reserves by Full Council on 5 October 2021. A further £175k is now being proposed to be returned General Reserve as this will now be funded from flexible capital receipts. The remaining funds have been earmarked to be spent within the next two years.

Table 3: Earmarked Reserves Balances

Description	Opening Balance 01/04/2021 £000	Return to General Reserves £000	Projected Balance 31/3/2022 £000
HRA One Teams	26	-20	6
HRA Social Housing Development Fund	849	-849	0
HRA Hinkley	57	0	57
HRA Contribution to Change	175	-175	0
HRA Total	1,107	-1,044	63

8 HRA Unearmarked Reserves

- 8.1 The HRA general reserves at the start of the year were £2.686m. This is £686k above the minimum recommended reserve level of £2m. Remaining at or above these targets provides financial resilience to in year pressures through volatility and unforeseen cost increases and income reductions.
- 8.2 General reserves have increased by £869k through the return of earmarked reserves that are no longer required for their original purpose (approved by Full Council on 5 October 2021). A further £175k is being proposed to return to General Reserves as this will now be funded from flexible capital receipts. However, there are several in-year commitments and pressures that will significantly reduce general reserves if savings cannot be found during the year.
- 8.3 The current outturn position is forecast to be a net overspend of £566k. If the forecast outturn position does not improve the deficit will reduce reserve balances to £2.492m, which is £492k above the recommended minimum balance of £2m. It is essential that action is implemented in the remainder of this year to control spending to reduce the forecast overspend and maintain adequate reserves. If reserves do fall below adequate minimum levels it will be vital that sustainable plans are included within the 2022/23 budget to restore balances to acceptable level. Financial pressures this year have demonstrated the potential scale of financial risks, which will almost certainly be exacerbated during the transition to the unitary authority and in an increasingly volatile operating environment. It is vital that costs are managed within annual income totals to ensure ongoing affordability of services.
- 8.4 **Table 4** below summarises the movement on the HRA unearmarked reserves during 2021/22.

Table 4: HRA Unearmarked Reserves Balance

	Approval	£'000
Balance Brought Forward 1 April 2021		2,686
Approved - OC & Supply Chain Project Lead	Director / S151	-19
Approved - Housing Policy Lead x1	SMT	-40
Approved - Housing Performance CM (Complaints) x1	SMT	-25
Approved - Housing Improvement Programme Manager	SMT	-80
Approved - Compliance Administrator	SMT	-23
Approved - Stock Condition Surveyors x2	SMT	-89
Approved - Landlord Compliance Specialist	SMT	-33
Approved - Building Safety CM	SMT	-25
Approved - Assets Admin Assistant	SMT	-18
Approved - Electrical Supervisor	SMT	-28
Approved - Tradesperson	SMT	-21
Approved - Released EMRs	Full Council – 05.10.21	869
Approved - 1.75% Pay Award	Executive – 15.09.21	-175
Provisional - Share of Additional H&S Costs	Director	-96
Provisional – Release further EMRs	Executive	175
Forecast Balance after current commitments		3,058
Projected Outturn - Total variance		-566
Forecast Balance 31 March 2022		2,492
Recommended Minimum Balance		2,000
Projected Balance below recommended Minimum Balance		492

9 Risk and Uncertainty

- 9.1 Budgets and forecasts are based on known information and the best estimates of the housing service's future income and expenditure activity. Income and expenditure over the financial year is controlled by budget holders and then reported through the budget monitoring process. During this process any risks and uncertainties are identified which could impact financial projections, but for which the likelihood and/or amount are uncertain.
- 9.2 There are certain items that are not determined or finalised until the financial year-end. For example, the final assessment of provisions required for bad debts, and final allocations of support service recharges. These can result in potentially significant differences to current forecasts.
- 9.3 The current areas of risk and uncertainty being reported include:
- 9.4 **Dwelling Rent and Service Charge Income:** The dwelling rent and service charges income budget is set with an assumed level of voids at 20% for temporary accommodation and 2% for general needs, extra care and sheltered accommodation. This is monitored during the year but may result in variances to budget in the final outturn position.
- 9.5 The Temporary Accommodation rental income budget included additional interim properties in the North Taunton area. These were based on estimated phasing of decant which will change as the decant progresses causing a variance in the income obtained.

Plans are in place and work being undertaken in the Temporary Accommodation team to reduce voids and arrears for the latter part of the year.

- 9.6 **Garage Rental Income:** This is expected to be lower than budgeted due to a reduction in activity in advertising lettings and planned voids in certain areas pending change in use. Work is currently being undertaken to improve marketing of empty garages to increase income for the latter part of this year and next year.
- 9.7 **Repairs & Maintenance:** Overall this is a very demand led and reactive service based on the needs of the tenants. There are also a number of uncontrollable variables associated with this service such as the weather (e.g. cold winters causing burst pipes, roof leaks, etc), condition of properties when returned (e.g. void refurbishments), consumer demand on minor internal / external repairs (e.g. broken door or fence) and the type of repair work required. Market pricing of materials etc can also be volatile with some unit costs increasing in recent months. As such the levels of demand do not always follow a recognisable trend. We therefore caveat the forecasts in these areas to account for fluctuations.
- 9.8 **Fleet Contract:** On the 1st October 2021, the Council entered into a new contract for the maintenance and supply of its fleet. The cost of actual vehicle requirements for each service area are being finalised. Once this work is complete then costs and budgets can be realigned and updated forecasts reported. Therefore, for Q2 the fleet maintenance costs have been forecast to budget until a more accurate forecast can be calculated.
- 9.9 **Landlord Compliance:** A review of all compliance areas against every property for which Somerset West and Taunton Council has landlord property compliance responsibility has largely been undertaken. The compliance works required following this review are currently being planned and procured. Whilst additional budget provision has been added for 2021/22 the full extent of the financial pressure remains uncertain as more information is gathered.
- 9.10 **Electrical Compliance:** As noted above, a high number of remedial works have been identified from the electrical inspection condition reports. The majority of this is expected to fall under 'major' works and capitalised. However, an unknown proportion of this will only be 'minor' works and will need to be funded from revenue presenting a potential overspend.
- 9.11 **Job Costing Charges via Open Contractor (OC):** The project lead is thoroughly reviewing and improving the efficient and accurate operational use of OC. The underlying issues around timing of information and accuracy of coding still remains and the ability of services to accurately forecast their outturn position on charges coming from OC remains low though still largely affected by the demand led nature of the service. Reporting 'work arounds' have been developed to assist budget holders with their forecasting whilst the project progresses.
- 9.12 **Staff Pay Award:** The budgets have been set based on 0% pay award for 2021/22 following the government's announcement in respect of public sector pay. However, pay negotiations are still being undertaken. The current forecast estimates a 1.75% pay

award increasing direct staffing costs by c£175k. The Executive have agreed in principle that the final pay award will be funded from General Reserves.

- 9.13 **COVID-19:** The impact of COVID during the last financial year included delays in responsive repairs works (Revenue) and planned major and improvement works (Capital) reducing spend in these areas. The repairs non-emergency backlog is being resolved by recruitment of additional resources for the in-house trade team and by use of external contractors. However, we continue to have difficulty in recruitment of in-house skilled tradespersons for a range of work areas. We continue to carefully monitor and manage progress in this area and keep residents informed in relation to their repair requests.
- 9.14 The ongoing impact of the pandemic presents a risk to the Housing Service, particularly in terms of revenue collection as well as impact on tenant mental health and wellbeing. We have already seen a drop in inflation rates impacting our future income and expenditure, however another significant risk relates to financial hardship that will result from the impact of COVID, particularly following the ending of government support such as furlough and the current uplift in Universal Credit. The net result is unclear with respect to unemployment however inflation and UC will result in much tighter finances for many households which will impact on their ability to pay rent. Furthermore, there may be an increasing need to invest more in support services for tenant households affected by the impact of COVID. This could present across a range of service demands including increased debt and benefits advice; unemployment support, mental health support; anti-social behaviour intervention, safeguarding and domestic abuse support.
- 9.15 In addition, there has been substantial increases on a range of construction materials (and this pattern is expected to continue). Also, difficulties in recruitment of construction professional and trades staff for both normal work levels and COVID backlog is leading to salary inflation. Both factors are putting further pressure on several revenue and capital budgets.
- 9.16 **Unitary Authority:** The Secretary of State has announced his decision on the future of local government in Somerset and has chosen the "One Somerset" option put forward by the County Council. This means there will be one new council for Somerset replacing the existing five councils in April 2023. The costs of implementation will be significant and will bring significant additional demand on officers to support the process with potential additional capacity required.
- 9.17 It is currently unknown what the future potential HRA costs will be because of this decision, and whether these costs will need to be funded using revenue or capital budgets. From a capital perspective the business plan does provide some headroom to allow non-right to buy receipts to be used as flexible capital receipts to fund transformation costs. However, this direction ends on the 31 March 2022 and whilst a statement of intent has been issued by the Government to extend this directive for a further three years, this has not yet been confirmed. Revenue costs of implementation are not currently budgeted and will place additional pressures on the HRA budget and reserves, thus we will need to review planned expenditure and reserves to make this affordable.

- 9.18 **Right To Buy (RTB) Receipts:** This is a government policy that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. The receipts allowed to be retained by the Council can now fund up to 40% of new social housing costs and must be used within five years of receipt, following a temporary amendment to the scheme policy from the 1 April 2021. To date, the Council has successfully fully spent all of their retained 1-4-1 receipts resulting in no returns being made to the Treasury/DLUHC.
- 9.19 Whilst projected spend on new build developments is currently adequate to meet 1-4-1 spend requirements this is dependent on the successful delivery of these social development schemes. There is a risk that progress on new build schemes could be delayed and purchasing houses on the open market is also hindered, both as a direct result of COVID, and may result in funds being return to DLUHC/Treasury.
- 9.20 **Welfare Reform and Universal Credit (UC):** The impacts of Welfare Reform and UC are significant with the number and value of rent accounts in arrears expected to increase considerably. Several mitigations are already in place to help support tenants affected by Welfare Reform and UC such as debt advice, access to discretionary housing payments and an arrears management team with redesigned workflow processes. Welfare Reform and UC may require the Council to revise future income projections as our experience with Welfare Reform and UC develops.
- 9.21 **Responding to increased stock quality standards:** Changes to the Regulator of Social Housing's decent home standard as well as higher thermal efficiency standards which are unsupported by additional external grant funding would place an additional burden on HRA resources available for elemental investment in homes. Once the detail is known, we will need to adapt to ensure we continue to maintain stock at the Decent Homes Standard and prepare to meet all the evolving expectations, incorporating the financial impacts into the Business Plan.
- 9.22 **Building Regulation and Fire Safety:** The Grenfell Tower fire and subsequent Review of Building Regulation and Fire Safety bring several operational and financial risks. These have been mitigated with the increases in revenue and capital budgets approved for 2021/22 for compliance related work. However, the exact costs are currently unclear. There are likely to be other impacts, such as on the repairs budget due to additional work to communal areas, more intensive management of flat blocks and further resilience within teams to respond to the volume and breadth of enquiries. We will need to ensure continued compliance with these statutory requirements.
- 9.23 **Housing White Paper:** In November 2020 the Government published the Housing White Paper which sets out the changes to how social landlords will operate. It will require several changes to home safety, tenant satisfaction measures, complaints handling, a new inspection regime for social landlords and a strengthened role for the Regulator of Social Housing. Many of the new changes in the white paper have already been mitigated in Housing by strengthening our compliance activities, setting up the new Housing Performance Team to be responsible for communications, performance data and engagement but this will need to be kept under review and self-assessment has begun.

10 Links to Corporate Aims / Priorities

10.1 The financial performance of the Council underpins the delivery of corporate priorities and therefore all Corporate Aims.

11 Partnership Implications

11.1 A range of HRA services are provided through partnership arrangements such as MIND, citizen's advice, Inspire to Achieve, Taunton East Development Trust, North Taunton and Wiveliscombe Area Partnership. The cost of these services is reflected in the Council's financial outturn position for the year.

12 Scrutiny Comments / Recommendations

12.1 *To be updated following the committee.*

Democratic Path:

- **Community Scrutiny – 24 November 2021**
- **Executive - 15 December 2021**
- **Full Council - No**

Reporting Frequency: Quarterly

List of Appendices

Appendix A	Approved Capital Budget
Appendix B	Capital Financing of Total Approved Budget
Appendix C	Annual Profiling of Approved Capital Budget
Appendix D	Profiled Capital Budget for 2021/22 Vs Forecast Capital Outturn for 2021/22

Contact Officers

Name	Kerry Prisco
Direct Dial	01823 218758
Email	k.prisco@somersetwestandtaunton.gov.uk

Name	James Barrah
Direct Dial	01823 217553
Email	j.barrah@somersetwestandtaunton.gov.uk

Name	Paul Fitzgerald
Direct Dial	01823 217557
Email	p.fitzgerald@somersetwestandtaunton.gov.uk

Appendix A: HRA Approved Capital Budget

SWT Capital Programme	Prior Year Slippage	Approved Supplements not loaded into e5	Current Year Approval Feb 2021 Budget Setting for 2021/22	Current Year Approval Feb 2021 Budget Setting for 2022/23	Total Approved Budget	Current year Virements	Current year Supplements	Current year Returns	Revised Current year Approved Capital Budget
Major Works	5,646,075	-	8,883,710	-	14,529,785	0	0	0	14,529,785
Fire Safety	1,553,967	-	202,000	-	1,755,967	0	0	0	1,755,967
Related Assets	30,073	-	100,000	-	130,073	0	0	0	130,073
Exceptional & Extensive	-	-	293,500	-	293,500	0	0	0	293,500
Vehicles	347,800	-	121,000	-	468,800	0	0	0	468,800
ICT	745,598	-	-	-	745,598	0	0	0	745,598
Aids & Adaptations & DFGs	-	-	370,000	-	370,000	0	0	0	370,000
Sub-Total Majors & Improvements	8,323,513	-	9,970,210	-	18,293,723	0	0	0	18,293,723
Social Housing Development	96,203,047	-	3,830,000	-	100,033,047	0	0	0	100,033,047
Total HRA	104,526,560	-	13,800,210	-	118,326,770	0	0	0	118,326,770

Appendix B: HRA Capital Financing of Total Approved Budget

SWT Capital Programme	TOTAL CAPITAL FINANCING	Capital Grants Other	Right To Buy (RTB) Capital Receipts	Capital Receipts	HRA Revenue Contribution	Major Repairs Reserve	Borrowing
Major Works	14,529,785	-	-	-	-	14,529,785	-
Fire Safety	1,755,967	-	-	-	-	1,755,967	-
Related Assets	130,073	-	-	-	-	130,073	-
Exceptional & Extensive	293,500	-	-	-	-	293,500	-
Vehicles	468,800	-	-	-	-	468,800	-
ICT	745,598	-	-	-	-	745,598	-
Aids & Adaptations & DFGs	370,000	-	-	-	-	370,000	-
Sub-Total Majors & Improvements	18,293,723	-	-	-	-	18,293,723	-
Social Housing Development	100,033,047	470,000	18,789,868	-	-	-	80,773,179
Total HRA	118,326,770	470,000	18,789,868	-	-	18,293,723	80,773,179

Appendix C: HRA Annual Profiling of Approved Capital Budget

SWT Capital Programme	Total Approved Budget	Capital Spend 2021/22	Capital Spend 2022/23	Capital Spend 2023/24	Capital Spend 2024/25	Capital Spend 2025/26	Capital Spend 2026/27	Capital Spend 2027/28	Capital Spend 2028/29
Major Works	14,529,785	14,529,785	-	-	-	-	-	-	-
Fire Safety	1,755,967	1,755,967	-	-	-	-	-	-	-
Related Assets	130,073	130,073	-	-	-	-	-	-	-
Exceptional & Extensive	293,500	293,500	-	-	-	-	-	-	-
Vehicles	468,800	468,800	-	-	-	-	-	-	-
ICT	745,598	372,799	372,799	-	-	-	-	-	-
Aids & Adaptations & DFGs	370,000	370,000	-	-	-	-	-	-	-
Sub-Total Majors & Improvements	18,293,723	17,920,924	372,799	-	-	-	-	-	-
Social Housing Development	100,033,047	11,933,318	30,525,739	16,635,980	11,824,610	12,846,700	10,966,880	4,522,260	777,560
Total HRA	118,326,770	29,854,242	30,898,538	16,635,980	11,824,610	12,846,700	10,966,880	4,522,260	777,560

Appendix D: HRA Profiled Capital Budget for 2021/22 Vs Forecast Capital Outturn for 2021/22

SWT Capital Programme	Profiled Capex Budget 2021/22	Expenditure YTD	Forecast Outturn 2021/22	Variance; - underspend + overspend	Slippage	- Underspend + Overspend
Major Works	14,529,785	955,152	8,978,179	(5,551,606)	5,551,606	0
Fire Safety	1,755,967	(398,478)	1,086,804	(669,163)	669,163	0
Related Assets	130,073	16,389	130,073	(0)	0	0
Exceptional & Extensive	293,500	(56,529)	293,500	0	0	0
Vehicles	468,800	0	468,800	0	0	0
ICT	372,799	146,595	372,799	0	0	0
Aids & Adaptations & DFGs	370,000	35,395	330,172	(39,828)	39,828	0
Sub-Total Majors & Improvements	17,920,924	698,525	11,660,327	(6,260,597)	6,260,597	0
Social Housing Development	11,933,318	582,465	6,692,252	(5,241,066)	5,241,066	0
Total HRA	29,854,242	1,280,990	18,352,579	(11,501,663)	11,501,663	0

Report Number: SWT 97/21

Somerset West and Taunton Council

Community Scrutiny – 24 November 2021

Draft 2022/23 Housing Revenue Account Budget Update

This matter is the responsibility of Executive Councillor Francesca Smith, Housing

Report Author: Kerry Prisco, Management Accountant & Reporting Lead

1 Executive Summary

- 1.1 The purpose of this report is to provide Members with an update on progress of the Housing Revenue Account (HRA) regarding Budget Setting for 2022/23, the latest Medium Term Financial Plan (MTFP) forecasts, the 30-Year Business Plan, and the areas to be finalised.
- 1.2 The HRA's initial MTFP (Feb 2021) projected an early indication of a budget Gap of £328k. Since then the economic operating environment has become significantly challenging compounding the financial position.
- 1.3 The Housing sector is currently seeing the most challenging period in a generation, in terms of the multiple crystallisations of risks and competing demands on the service both operationally and financially.
- 1.4 A review of baseline budgets and up to date information has identified further growth and savings for inclusion within the MTFP. This has led to the HRA's current MTFP projection of a budget gap for 2022/23 of £1.696m. Plans to mitigate this additional financial pressure will be included in the Draft Budget report to Members in the new year.
- 1.5 It is anticipated that 2022/23 will be the final budget year for Somerset West and Taunton as a district Council with its assets, liabilities, and functions due to transfer to the new Somerset unitary council once it is created. Further work is required to understand what the budget gap for the HRA might be from 2023/24 onwards.
- 1.6 The budget planning process is ongoing and there remains some areas where estimates are to be finalised therefore the estimated Gap is likely to change and will be reflected in the final draft Budget. The Executive is due to recommend its final budget proposals to Full Council in February 2022.

2 Recommendations

- 2.1 This report is to be noted as the latest Medium Term Financial Plan forecasts and action required to finalise the 2022/23 Budget.

3 Risk Assessment

- 3.1 It is evident that financial pressures within the Housing service present a significant risk to affordability of existing plans in the short term. Measures will need to be implemented to ensure 2022/23 budget is balanced and adequate minimum reserves are maintained.
- 3.2 There remain some specific key risks within the budget and medium term forecasts that will be managed by officers and/or portfolio holder. These are summarised in section 8 of the report.

4 Background and Full details of the Report

- 4.1 The Housing Revenue Account (HRA) is a ring-fenced, self-financing account where income from tenants and sale of assets funds the homes and related services provided to tenants, and investment in the provision and quality of council owned housing stock.
- 4.2 The Council has a long-term business planning approach to managing the stock and the finances within the HRA, which is reported separately. The financial strategy for the HRA focusses on ensuring that spending and capital investment plans are affordable and contained within the projected resources available.
- 4.3 The Budget Setting Report for 2021/22, presented to Full Council in February 2021 provided a balanced budget, the latest MTFP forecast and an update on the 30-Year Business Plan. Independent financial planning advice was commissioned from Altair to support the business in undertaking this in-depth review; to provide challenge to our existing assumptions, to consider the financial impact of the COVID pandemic and provide assurance in the HRA's ability to deliver the new build aspirations.
- 4.4 The outcome of this review highlighted minimal general reserve balances in 2022/23 (see Table 1) along with reduced interest cover (see Table 2), however the forecast showed that the HRA met and improved upon this over the 30-year period. This did however highlight that in the short to medium term we are operating close to business plan limits in terms of adequacy of reserves and affordability of capital investment plans. The Business Plan contains limited flexibility in the short term. This was considered an acceptable level of risk at the time to deliver the proposed capital programme comprising both maintaining existing stock and allowing for the new build / purchase of additional stock.

Table 1: HRA General Reserve Balances as at 2020/21 Projections

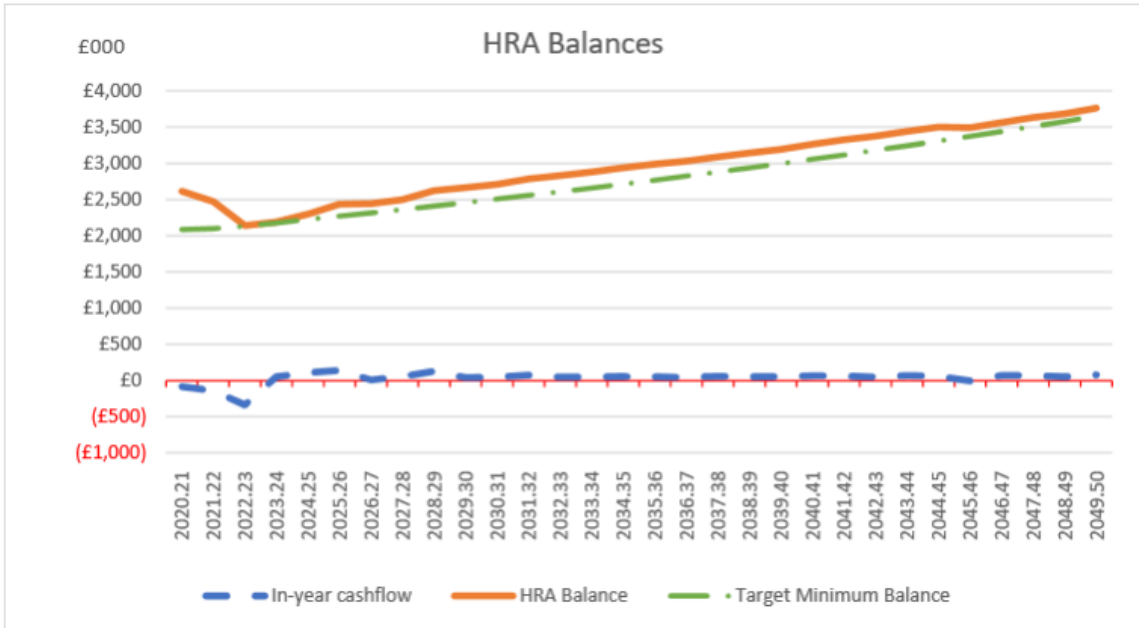
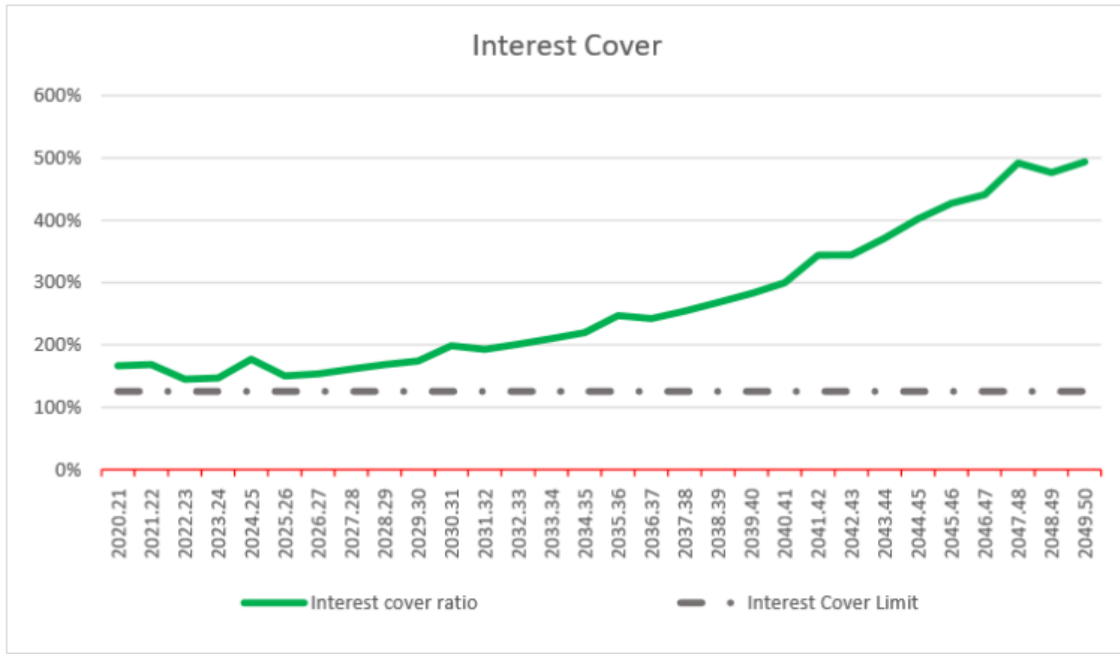


Table 2: HRA Interest Cover as at 2020/21 Projections



4.5 The MTFP forecast presented at that time also predicted a budget gap of £328k in 2022/23, with an improved position in later years. There was capacity at the time to under write this with one-off funding from reserves whilst officers worked to find sustainable options to close the Gap.

Table 3: HRA Revenue Budget for 2021/22 and Medium Term Financial Plan

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£000	£000	£000	£000	£000	£000
Income						
Dwelling Rents	- 24,225	- 24,951	- 25,682	- 26,533	- 28,315	- 28,712
Non Dwelling Rents	- 719	- 704	- 713	- 724	- 737	- 748
Service Charges	- 1,457	- 1,623	- 1,661	- 1,702	- 1,750	- 1,794
Other Income	- 371	- 389	- 396	- 404	- 413	- 422
Total Income	- 26,773	- 27,668	- 28,452	- 29,364	- 31,215	- 31,676
Expenditure						
Repairs and Maintenance	5,901	6,795	6,917	7,055	7,218	7,387
Supervision and Management	3,905	3,731	3,817	3,912	4,022	4,122
Rents, Rates, Taxes and Other Charges	311	305	311	317	324	331
Special Services	1,058	1,058	1,083	1,110	1,141	1,169
Bad Debt Provision	180	180	180	180	180	180
Contribution to CDC	229	229	233	238	243	248
Transfer to GF	3,622	3,216	3,274	3,340	3,416	3,485
Total Expenditure	15,206	15,515	15,815	16,152	16,544	16,922
Other Expenditure						
Depreciation - dwellings	6,511	7,342	7,474	7,624	7,799	7,955
Depreciation - non dwellings	490	321	327	333	341	348
Interest Payable	2,745	2,669	3,343	3,580	3,690	4,294
Investment Income	-	-	-	-	-	-
Provision for Repayment of Debt	1,821	1,821	1,821	1,624	2,733	2,018
Revenue Contribution to Capital	-	-	-	-	-	-
Movement in Reserves						
Total Other	11,566	12,153	12,965	13,161	14,564	14,615
Total - (surplus) / deficit	-	-	328	51	107	138

- 4.6 Since the Budget Setting 2021/22 report was produced the economic operating environment has become significantly challenging compounding the financial position.
- 4.7 The Housing sector is currently seeing the most challenging period in a generation, in terms of the multiple crystallisations of risks and competing demands on the service both operationally and financially. Examples of headline key issues that are having a financial impact are as follows:
- 4.7.1 Brexit and the COVID pandemic has created further contractor uncertainty and labour market shortages. Labour and materials are costing on average significantly more and additional costs such as insurances have seen uplifts in the market.
- 4.7.2 Staff recruitment and retention, shortages of key skills and trades with significant salary inflation, meaning the Council is facing pressure to be competitive in the recruitment market, this is compounded by uncertainty about the future due to organisational change.
- 4.7.3 Covid-impact on the demands on the service from complex case work and community vulnerability.

- 4.7.4 Covid-locally, due to taking appropriate public health precautions during the covid pandemic we still have backlogs in both repairs and capital works the team are working hard to address.
- 4.7.5 Supply chain challenges and current economic position driving up costs.
- 4.7.6 Customer demands continue to increase for the sector in terms of expectations on what social landlords can provide and how they go about service provision, with complaints increasing across the sector.
- 4.7.7 Regulatory impacts post the Grenfell tragedy are continuing to increase with the current and future requirements of the Regulator and the Housing Ombudsman increasing pressures on the service.
- 4.7.8 Staff wage bill pressures with potential pay increases, pension pressures and additional National Insurance contributions.
- 4.7.9 Net Zero carbon and retrofit, more work is to be done to plan for and model the financial and operational impacts of retrofit of our properties with early projects proposed for next year.
- 4.7.10 Regeneration impact, we have a period of reduced stock numbers whilst new properties are constructed at North Taunton, with the reduction in income impacting us at the current time.
- 4.8 This has therefore placed the HRA revenue account under significant financial pressure and can be seen in the Quarter 2 Financial Monitoring Report, being presented to Members through the same committee cycle. This has also further exacerbated the budget gap predicted for 2022/23.
- 4.9 The changes to the base budget identified to date are reflected in the updated MTFP figures below in Table 4. The Gap has increased significantly, and Officers are still reviewing the detailed budget estimates to ensure that a balanced budget is presented to Full Council in February 2022. There are still some items which are unknown at this stage of the budget process which are summarised in Section 7.

Table 4: Summary 2022/23 Budget Gap Reconciliation

	£k	£k
2021/22 Balanced Budget		0
Service Cost Pressures:		
Net of Interest Payable / Receivable	131	
Net of Staff Growth / Savings	157	
21/22 Proposed Pay Award of 1.75%	116	
22/23 Proposed Pay Award of 2%	137	
National Insurance of 1.5%	48	

	£k	£k
Shared Support Staff charged to the HRA	33	
Pension Deficit charged to the HRA	16	
Repairs & Maintenance Material and Contract Cost	1,585	
Grounds Maintenance	33	
Insurance	24	
Sewerage	44	
Compliance	67	
CCTV Contract	7	
Waste Disposal	10	
Fleet Contract and Fuel	97	
Radon	88	
Policy & Management	87	
Business Rates	37	
Health & Safety	59	
Street Lighting	17	
Other	3	
Subtotal – Service Cost Pressures		2,796

Service Cost Savings:		
Dwelling Rental Income (assuming implementation of current rent policy)	630	
Non-Dwelling Rental Income	63	
Income for Services / Facilities	25	
Other Income	19	
Supply Chain Procurement Savings	50	
Tenancy Management	28	
Capitalisation of Development Staff Time	285	
Subtotal – Service Cost Savings		1,100
2022/23 Latest Budget Gap Estimate November 2021		1,696

5 Closing the Gap

- 5.1 The Gap has increased significantly, and it is important that the leadership team focusses on delivering sustainable options to control spending. It is vital that costs are managed within annual income totals to ensure ongoing affordability of services. This may require pulling back operations to focus on delivering essential and statutory functions as a minimum to counter the gap increase.
- 5.2 The budget setting process this year will be very challenging with some difficult decisions to make on how we generate sufficient savings in both the short and medium term, that we have not encountered for some time for the HRA. Solutions will inevitably lead to an impact on service delivery and discretionary activities but we will also look for treasury solutions within the business plan to assist us.

5.3 The leadership team and the Executive will develop plans to close the additional gap and share this for consultation with members through the budget setting process.

6 HRA Reserves

HRA Unearmarked Reserves

6.1 The current recommended Minimum Reserve Balance is £2m. The S151 Officer will review the minimum reserve requirement in February 2022 as part of the final budget recommendations.

6.2 The HRA unearmarked reserves are currently estimated to be at £2.492m at 31 March 2022 as per Table 5 below. This is £492k above the recommended minimum balance of £2m. This position is reliant upon the current year outturn position being maintained or reduced. If reserves fall below adequate minimum levels, then plans will need to be put in place to restore these to acceptable levels to maintain financial resilience in future years.

Table 5: HRA Unearmarked Reserve Balance

	Approval	£'000
Balance Brought Forward 1 April 2021		2,686
Approved - OC & Supply Chain Project Lead	Director / S151	-19
Approved - Housing Policy Lead x1	SMT	-40
Approved - Housing Performance CM (Complaints) x1	SMT	-25
Approved - Housing Improvement Programme Manager	SMT	-80
Approved - Compliance Administrator	SMT	-23
Approved - Stock Condition Surveyors x2	SMT	-89
Approved - Landlord Compliance Specialist	SMT	-33
Approved - Building Safety CM	SMT	-25
Approved - Assets Admin Assistant	SMT	-18
Approved - Electrical Supervisor	SMT	-28
Approved - Tradesperson	SMT	-21
Approved - Released EMRs	Full Council – 05.10.21	869
Approved - 1.75% Pay Award	Executive – 15.09.21	-175
Provisional - Share of Additional H&S Costs	Director	-96
Provisional – Release further EMRs	Executive	175
Forecast Balance after current commitments		3,058
Projected Outturn - Total variance		-566
Forecast Balance 31 March 2022		2,492
Recommended Minimum Balance		2,000
Projected Balance below recommended Minimum Balance		492

- 6.3 The S151 Officer advises that it is prudent to retain headroom within the general reserves balance to provide financial resilience. Financial pressures this year have demonstrated the potential scale of financial risks. These will almost certainly be exacerbated with the anticipated requirement to contribute towards the implementation costs of the new unitary authority and in an increasingly volatile operating environment.

HRA Earmarked Reserves

- 6.4 The HRA Earmarked Reserves are currently estimated to be nil at the 31 March 2022. These are at the lowest level seen and do not provide any additional financial resilience for the business.

Table 6: HRA Earmarked Reserve Balance

Description	Balance B/F £000	Return to General Reserves	Use in 2021/22	Balance C/F £000
HRA One Teams	26	-20	6	0
HRA Social Housing Development Fund	849	-849	0	0
HRA Hinkley	57	0	57	0
HRA Contribution to Change	175	-175	0	0
HRA Total	1,107	-1,044	63	0

7 Areas Still to be Completed

- 7.1 Budget Holders will put forward their proposals for Fees and Charges and the impact of these will be reviewed by Finance. The S151 Officer has delegated authority to agree these and an update will be provided within the next budget update report.
- 7.2 Further information that relate to the level of income projected and / or savings being offered are still being reviewed.
- 7.3 The projections on the capital programme for 2021/22 and 2022/23 still need to be finalised and reviewed for affordability. There is some flex in the programme that could have an impact on the overall position of the HRA in terms of borrowing and investment of surplus balances.

7.4 IFRS 16 (Finance Leases) comes into force from 2022/23 which changes the way we account for leases. The council also has a new corporate fleet contract that commenced in October. Both elements of this are currently being worked through to reflect the revenue and capital budget requirements.

8 Risk, Opportunities and Uncertainty

8.1 Ongoing risks and uncertainty for the budget at this stage include:

8.2 **Dwelling Rent and Service Charge Income:** Linked to (a) regulator changing legislation to force a rent freeze or rent reduction, (b) CPI rates, (c) political pressures to reduce rents. The HRA Business Plan and our ambitions rely on the assumption that our rent policy of CPI +1% will continue, however if this were to be reduced then it would create additional budget pressure.

8.3 **Repairs & Maintenance:** Overall this is a very demand led and reactive service based on the needs of the tenants. There are also a number of uncontrollable variables associated with this service such as the weather (e.g. cold winters causing burst pipes, roof leaks, etc), condition of properties when returned (e.g. void refurbishments), consumer demand on minor internal / external repairs (e.g. broken door or fence) and the type of repair work required. As such the levels of demand do not always follow a recognisable trend. We therefore have to caveat the forecasts in these areas to account for fluctuations. The economic operating environment has also been compounded, namely by Covid and Brexit, creating contractor uncertainty and labour market shortages and inflating the cost of materials and labour.

8.4 **Trade Salaries:** We are experiencing a significant increase in construction related salary costs in the sector, with shortages of some key trades for example electricians. This can mean that some of our salaries are no longer competitive in the market. We have conducted a review of some of our salaries and will be making some changes here, and the cost of this change is incorporated into our MTFP, however as this review process progresses across all trade areas it may create further revenue pressures that need to be addressed.

8.5 **Pay Award:** The budgets have been set based on 1.75% pay award for 2021/22 and then 2% for 2022/23. The annual pay award negotiations are still taking place.

8.6 **COVID-19:** The ongoing impact of the pandemic presents a risk to the Housing Service, particularly in terms of revenue collection as well as impact on tenant mental health and wellbeing. We have already seen an increase in inflation rates impacting our future income and expenditure, however another significant risk relates to financial hardship that could result from the impact of COVID, following the ending of government support such as furlough and the uplift in Universal Credit. If the net result is higher unemployment and much tighter finances for many households, this could impact on their ability to pay rent. Furthermore, there may be an increasing demand and therefore budget implication for support services for

tenant households affected by the impact of COVID. This could present across a range of service demands including increased debt and benefits advice; unemployment support, mental health support; anti-social behaviour intervention, safeguarding and domestic abuse support.

- 8.7 **Unitary Authority:** The Secretary of State has announced his decision on the future of local government in Somerset and has chosen the One Somerset option put forward by the County Council. This means there will be one new council for Somerset replacing the existing five councils. There is a structured timetable to follow for implementing the change so the new council can come into effect on 1 April 2023.
- 8.8 It is currently unknown what the future potential costs will be as a result of this decision, and what the HRA's share will be, and whether these costs will need to be funded using revenue or capital budgets. From a capital perspective the business plan does provide some headroom to allow non-right to buy (RTB) receipts to be used as flexible capital receipts to fund transformation costs. However this direction ends on the 31 March 2022 and it is unknown if the government will approve an extension on this directive, although they have recently signalled this intent. If the costs can only be treated as revenue then we may need to review other expenditure to make this affordable and or consider the use of reserves.
- 8.9 **Right To Buy (RTB) Receipts:** This is a government scheme that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. The receipts allowed to be retained by the Council can now fund up to 40% of new social housing costs and must be used within five years of receipt, following an amendment to the scheme policy from the 1 April 2021. To date, the Council has successfully spent all of their retained 1-4-1 receipts resulting in no returns being made to the Treasury/MHCLG.
- 8.10 **Welfare Reform and Universal Credit:** The impacts of Welfare Reform and Universal Credit remain a risk, with the number and value of rent arrears still under upward pressure as more tenants switch to universal credit. Mitigations are already in place to help support tenants affected by Welfare Reform and Universal Credit such as debt advice, access to discretionary housing payments and an arrears management team with redesigned workflow processes.
- 8.11 **Decent Homes Standard:** Changes to the Regulator of Social Housing's decent home standard as well as higher thermal efficiency standards which are unsupported by additional external grant funding would place an additional burden on HRA resources available for elemental investment in homes. Once the detail is known, we will need to adapt to ensure we continue to maintain stock at the Decent Homes Standard and prepare to meet all the evolving expectations, incorporating the financial impacts into the Business Plan.
- 8.12 **Building Regulation and Fire Safety:** The Grenfell Tower fire and subsequent

Review of Building Regulation and Fire Safety bring a number of operational and financial risks. These risk have been mitigated with the increases in revenue and capital budgets proposed for 2021/22 for compliance related work. However the exact costs are currently unclear. There are likely to be other impacts as a result, such as impacts on the repairs budget due to additional work to communal areas, more intensive management of flat blocks and further resilience within teams to respond to the volume and breath of enquiries. We will need ensure continued compliance with these statutory requirements.

- 8.13 **Housing White Paper:** In November 2020 the Government published the Housing White Paper which sets out the changes to how social landlords will operate. It will require a number of changes to home safety, tenant satisfaction measures, complaints handling, a new inspection regime for social landlords and a strengthened role for the Regulator of Social Housing. Many of the new changes in the white paper have already been mitigated in Housing by strengthening our compliance activities, setting up the new Housing Performance Team to be responsible for communications, performance data and engagement but this will need to be kept under review and self-assessment has begun.
- 8.14 **Retrofit by 2030:** There is a duty for social landlords to improve the energy efficiency of its homes. The national climate change requirements set by government under the Clean Growth Strategy 2017 requires all social landlords to achieve EPC C by 2035. However the strategy also requires landlords to achieve EPC C by 2030 where tenants are in fuel poverty. Therefore it is prudent to achieve EPC C by 2030.
- 8.15 **New Build Homes and Phosphates:** The HRA has a significant pipeline of new homes to be delivered over the next 8 years. Some of these homes require phosphates mitigation strategies to gain planning approval. There remains uncertainty on the ability of the council to mitigate for phosphates. This may result in less affordable housing development and less capital spend.

9 2022/23 HRA Capital Programme

- 9.1 The current HRA approved Capital Programme is £118.3m. This consists of £100m for the Social Housing Development Programme, which will be delivered over the next 8 years, and £18.3m for the Majors & Improvement Programme to be delivered in 2021/22. The current year performance against this approved budget can be found in the quarterly financial monitoring report.
- 9.2 Officers are currently reviewing the draft capital programme for 2022/23 to ensure that this is focused on service priorities for the forthcoming year, that the business has the capacity to deliver the programme operationally and that the programme is affordable in terms of financing available so that this does not impact negatively on the revenue budget gap. The final proposal will be included in the next report to Members.

10 Links to Corporate Strategy

- 10.1 The Council's MTFP underpins the planning of resources needed to meet the priorities and objectives within the Corporate Strategy and related plans.

11 Finance / Resource Implications

- 11.1 The Council's financial position is set out above within the body of this report.
- 11.2 It is important that Councillors have a good understanding of the financial position and forecasts over the medium term.

12 Legal Implications

- 12.1 The Council is required by law to set a balanced budget and failure to do so would result in serious financial and service implications and lead to Government intervention.

13 Climate and Sustainability Implications

- 13.1 There are no direct carbon/environmental impacts arising from the recommendations. Budgeted support towards the Council's climate and sustainability priorities is included within the MTFP.

14 Equality and Diversity Implications

- 14.1 There are no direct equality or diversity impacts arising from the recommendations within this report. Officers and members will need to consider whether there are any impacts for detailed policy updates and proposals within the detailed budget plans as these are developed and presented for decision.

15 Partnership Implications

- 15.1 The Council's HRA budget includes expenditure on services provided by other key partners such as MIND, citizen's advice, Inspire to Achieve, Taunton East Development Trust, North Taunton and Wiveliscombe Area Partnership.

16 Asset Management Implications

- 16.1 Clearly the revenue and capital budgets for the HRA include provision for maintaining our housing stock in accordance with relevant standards. The Housing Asset Management strategy also encourages proactive treatment of poorly performing stock from both a financial and social perspective which will be important considerations for the future efficient operation of the service.

Democratic Path:

- **Community Scrutiny – 24 November 2021**
- **Executive – 15 December 2021**
- **Full Council – No**

Reporting Frequency: Ad -hoc**List of Appendices**

None	

Contact Officers

Name	Kerry Prisco
Direct Dial	01823 218758
Email	k.prisco@somersetwestandtaunton.gov.uk

Name	James Barrah
Direct Dial	01823 217553
Email	j.barrah@somersetwestandtaunton.gov.uk

Name	Emily Collacott
Direct Dial	01823 218742
Email	e.collacott@somersetwestandtaunton.gov.uk

Name	Paul Fitzgerald
Direct Dial	01823 217557
Email	p.fitzgerald@somersetwestandtaunton.gov.uk