

SWT Corporate Scrutiny Committee

Wednesday, 7th July, 2021,
6.15 pm



Somerset West
and Taunton

The John Meikle Room - The Deane
House

Members: Gwil Wren (Chair), Nick Thwaites (Vice-Chair), Ian Aldridge, Benet Allen, Marcus Barr, Sue Buller, Norman Cavill, Simon Coles, Habib Farbahi, Ed Firmin, John Hassall, Libby Lisgo, Danny Wedderkopp and Loretta Whetlor

Agenda

1. Apologies

To receive any apologies for absence.

2. Minutes of the previous Corporate Scrutiny Committee held on 2 June 2021

To approve the minutes of the previous meeting of the Committee held on 2 June 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 allowing 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. **Corporate Scrutiny Request/Recommendation Trackers** (Pages 11 - 12)
To update the Scrutiny Committee on the progress of resolutions and recommendations from previous meetings of the Committee.
6. **Corporate Scrutiny Committee Forward Plan** (Pages 13 - 14)
To receive items and review the Forward Plan.
7. **Executive and Full Council Forward Plan** (Pages 15 - 20)
8. **Financial Monitoring - Outturn Position 2020/21** (Pages 21 - 66)
9. **Financial Strategy 2021/22 to 2022/23** (Pages 67 - 88)
10. **Corporate Performance Report, Quarter 4 and Outturn, 2020/21** (Pages 89 - 104)
11. **Executive Cllr PFH Session - Leader of the Council & Communications**
12. **Access to Information - Exclusion of the Press and Public**

Resolved that the press and the public be excluded from the meeting for the items numbered 14 (appendices only) and 15 on the Agenda as the items contained exempt information as

defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

13. Financial Monitoring - Outturn Position 2020/21 - Confidential Appendix G

(Pages 105 - 106)

A handwritten signature in cursive script, appearing to read 'James Hassett', written in black ink.

**JAMES HASSETT
CHIEF EXECUTIVE**

Please note that this meeting will be recorded. At the start of the meeting the Chair will confirm if all or part of the meeting is being recorded and webcast. You should be aware that the Council is a Data Controller under the Data Protection Act 2018. Data collected during the recording will be retained in accordance with the Council's policy. Therefore unless you are advised otherwise, by entering the Council Chamber and speaking during Public Participation you are consenting to being recorded and to the possible use of the sound recording for access via the website or for training purposes. If you have any queries regarding this please contact the officer as detailed above.

Members of the public are welcome to attend the meeting and listen to the discussions. There is time set aside at the beginning of most meetings to allow the public to ask questions. Speaking under "Public Question Time" is limited to 3 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chair will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate. Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chair will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group. These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room. Full Council, Executive, and Committee agendas, reports and minutes are available on our website: www.somersetwestandtaunton.gov.uk

The meeting room, including the Council Chamber at The Deane House are on the first floor and are fully accessible. Lift access to The John Meikle Room, is available from the main ground floor entrance at The Deane House. The Council Chamber at West Somerset House is on the ground floor and is fully accessible via a public entrance door. Toilet facilities, with wheelchair access, are available across both locations. An induction loop operates at both The Deane House and West Somerset House to enhance sound for anyone wearing a hearing aid or using a transmitter. For further information about the meeting, please contact the Governance and Democracy Team via email: governance@somersetwestandtaunton.gov.uk

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SWT Corporate Scrutiny Committee - 2 June 2021

Present: Councillor Gwil Wren (Chair)

Councillors Ian Aldridge, Benet Allen, Marcus Barr, Sue Buller, Norman Cavill, Simon Coles, Habib Farbahi, Ed Firmin, John Hassall, Libby Lisgo, Nick Thwaites, Danny Wedderkopp and Loretta Whetlor

Officers: Paul Fitzgerald, Andrew Randell, Marcus Prouse, Clare Rendell and Joe Wharton

Also Present: Councillors Caroline Ellis and Ross Henley

(The meeting commenced at 6.15 pm)

11. Appointment of Vice-Chair

Councillor Thwaites was appointed as Vice-Chair of The Corporate Scrutiny Committee.

12. Apologies

Councillors Allen and Cavill attended virtually via Zoom.

13. Minutes of the previous Corporate Scrutiny Committee held on 19 May 2021.

The minutes of the meeting of the Scrutiny Committee held on 19 May were approved as an accurate record.

14. Declarations of Interest

There were no new declarations of interest.

15. Public Participation

Jefferson Horsley provided the following statement:-

Question to the Leader of the Council re Forward Plans and Risk Management

May I congratulate the Leader of the Council on attaining through the previous work of Liberal Democrat Councillors £14million from central government towards rebuilding the Taunton Town Centre following the Covid19 pandemic? (I am aware that there are strict conditions attached by central government as to how this should be spent and how this fund would be added to by local fund raising contributions – this not to be included as part of the question i.e for info only)

This achievement is remarkable against the background of increasing signs of the collapse of retail businesses, and the greater number of charity shops that are now dominating the centre of Taunton. This is to the detriment of all local businesses and other town centre users many local shops and businesses we cherish.

Can she reassure me how this money will be spent? Can she also pledge that she will consult widely as possible with the local business community and other town centre users on how this can be done most efficiently?

Is there a danger that the Executive will have pre-determined this?

16. **Corporate Scrutiny Request/Recommendation Trackers (verbal update).**

A verbal update was provided to the committee with a new tracker to be finalised and provided following the meeting.

17. **Corporate Scrutiny Committee Forward Plan**

The Corporate Scrutiny Forward Plan was noted.

An item of the Shadow Council and Unitary transition was requested to be added to the forward plan for a future committee date. This would be followed up outside of the meeting with The Chief Executive.

18. **Executive and Full Council Forward Plan**

The Executive and Full Council Forward Plan was noted.

19. **Executive Cllr PFH Session - Portfolio Holder for Culture**

Councillor Caroline Ellis was thanked for her attendance to the Scrutiny Committee at short notice, she introduced an update for her Portfolio and work undertaken in the last month around the Culture Strategy.

During the debate the following comments and questions were raised:-

- The Committee congratulated Councillor Ellis on her new role as the Portfolio Holder.
- Advertising the cultural offer across the district from areas outside of Taunton was encouraged.
- It was recognised that live music and stage performances in West Somerset needed greater support and promotion.
- Increased bus services were needed as part of an improved culture offering to enable access across the district.
- Open discussions were encouraged with Councillors in relation to the culture strategy and promotion of culture.
- An update around the Regal Theatre was requested. There had been a new roof and ventilation system installed. The dialogue had been positive, members of the Committee were reminded this didn't receive Council funding which the Brewhouse benefitted from.
- It was questioned if the County Council were worked with in respect of the Cultural strategy.
- Arts Taunton benefitted from private sponsorship. The Brewhouse was also sponsored.

- Events and the cultural offering promoted by Brendon Books were encouraged to be sponsored further by the local authority.
- Encouraging participation for all members of society as parts of the local arts and culture offering was emphasised.
- The future of the cultural offering in Taunton was considered alongside a new venue and the future of the Brewhouse.
- The committee thanked the Portfolio holder for her attendance.

The Corporate Scrutiny Committee noted the Portfolio Holder update.

20. **Review of the Commercial Property Investment Activity and Performance Report**

The Commercial Property Investment Strategy (CPIS) was approved in December 2019 and refreshed in December 2020. A requirement of the strategy (Clause 10.4) is that a report is brought to full Council every six months to report on the commercial property investment activity and the performance of the portfolio. These would report the position as at 30 September and 31 March each year.

Since the last report was prepared, despite difficult market conditions resulting from Covid, four further properties have been purchased. These were a retail warehouse in Ayr occupied by B&Q, a retail warehouse in Birmingham occupied by Wickes, a car dealership in Stockton-On-Tees, trading as a Jaguar Land Rover franchised dealership, and an office in Birmingham occupied by the Highways Agency. Additional investment totals £28.70m taking the total amount invested in the portfolio to £44.06m by 31 March 2021 and increasing gross rental income of the portfolio to £3.25m per annum.

As part of the Financial Strategy agreed in 2019 the Executive set a net income target of £2m+ per year through commercial property investment. Due to a reduction in financing cost assumptions the updated financial strategy for 2020 increased this target to £2.9m.

The latest Medium Term Financial Plan forecasts, as set out in the General Fund Budget Report to Council in February 2021, included a projected Budget Gap rising to £3.5m in 2022/23 and reaching £6m by 2025/26. This gap took into account the targeted £2.9m income from commercial property investment.

The primary reasons for the scale of budget gap included a sharp reduction in core income to the Council from business rates and New Homes Bonus grant, which underlined overall funding volatility faced by the Council. Business rates and NHB combined to give £9.5m of annual funding in 2020/21 but this was projected to reduce to only £4.3m by 2023/24 – a fall of some £5.2m. Council tax increases alone were not adequate to offset funding reductions and service cost pressures, with a 1% increase in council tax income generating around £90k per annum in additional income.

The portfolio build was on track with a further acquisition completed in April and two properties currently under offer and scheduled for completion by the end of April which if completed will take the total amount invested to £68.6m of the approved £100m fund.

During this period borrowing costs remained low and therefore the Council's average borrowing costs were still predicted to be around 1.5% per annum.

The Net Income budget for 2020/21 is £0.440m, reflecting an estimate of the pace of investment during the first year and part year rents on completed assets. Actual net

income reported for the year is £0.614M, providing a surplus of £0.174M (40%) against budget.

Despite the challenging economic conditions facing UK businesses and the economy the performance of the portfolio had been strong. To date there had been no material rental defaults and during the period of September 2020 and March 2021. The market had seen a great deal of yield compression particularly in the retail warehousing and industrial markets. As a result the retail warehouse assets contained in the portfolio which were purchased earlier in 2020 would already have increased significantly in value potentially adding £1.75M of capital value to the value of the property.

Risk factors to property investment continues to be monitored. The immediate risks around Brexit continued to be assessed. The Covid pandemic remained and was continuing to cause difficulties to trading business and the UK economy as a whole. It is still too soon to know what the long term effects of the pandemic would be but a large number of investors had returned to the UK property market with demand increasing for secure income investment which had in turn been forcing up Capital values. Occupier performance and covenant strengths would continue to be monitored to identify any tenants that may be affected by the current market restrictions. In general it was not considered that the level of risk had changed materially since the last report in December 2020.

During the debate the following comments and questions were raised:-

- The risk around receiving income based on rents was questioned.
- Discussion took place around the target related properties and notional figures differed.
- Rent payments had been received in advance, this related to the period of the end of this financial year, the incomes had been delayed to reflect the period, and this was common for tenants who paid in advance.
- It was questioned if agents were used for the tenants and further information was requested on rent defaults and future rent increases.
- The future market demand for commercial buildings was considered, the impact on the long term commercial market was understandably uncertain in the long term.
- Concerns over interest rates were questioned, this was a recognised risk however the market remained strong.
- Potential revisions in anticipated income was always possible in the future depending on the recovery and market demand.
- Investor's interest on returns resulted in property which in turn created a net income through rental opportunities.
- The Committee considered that communications underpinning the strategy needed to be reconsidered, allowing for the large sums of money involved and the risks of the circumstances
- The commercial legacy of properties would be incorporated at the December meeting.

The Corporate Scrutiny Committee reviewed performance against the Commercial Property Investment Strategy (CPIS) and supported the following recommendations to the Executive;

1. For transparency, gross and net income from the commercial investments to be made more readily available from the six monthly reviews with a link to be provided in future reports to the SWT website where this information is posted.
2. The communications underpinning the CPIS both internally and externally need to be improved upon considerably, as it was considered important that people understood what the Council was trying to do and why, and how this work inter-linked with the Corporate Priorities of the Council.
3. The Corporate Scrutiny Committee was pleased to be informed that the legacy commercial properties will be incorporated in the next scheduled review paper that is to go to Full Council in December, but in advance of this, a light-touch document is requested to be circulated to the Committee.

(The Meeting ended at 8.15 pm)

SOMERSET WEST AND TAUNTON COUNCIL
CORPORATE 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
2/06/21	<p>Resolved:- The Corporate Scrutiny Committee reviewed performance against the Commercial Property Investment Strategy (CPIS) and supported the following recommendations to the Executive;</p> <ol style="list-style-type: none"> 1. For transparency, gross and net income from the commercial investments to be made more readily available from the six monthly reviews with a link to be provided in future reports to the SWT website where this information is posted. 2. The communications underpinning the CPIS both internally and externally need to be improved upon considerably, as it was considered important that people understood what the Council was trying to do and why, and how this work inter- 	Full Council - Cllr R Henley – PFH Corporate Resources	Full Council – 27 th July 2021	27 th July 2021		Report not planned to go to Executive – response to be reported in Full Council report and in introduction by PFH.

	<p>linked with the Corporate Priorities of the Council.</p> <p>3. The Corporate Scrutiny Committee was pleased to be informed that the legacy commercial properties will be incorporated in the next scheduled review paper that is to go to Full Council in December, but in advance of this, a light-touch document is requested to be circulated to the Committee.</p>					
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Total Recommendations for 21/22:

Agreed:

Agreed in Part:

Not Agreed:

TBD:

CORPORATE SCRUTINY

Meeting	Draft Agenda Items	Lead PFH/ Lead Officer	Executive Report?
7th July 2021	2020/21 Financial Outturn	Cllr R Henley / P. Fitzgerald	Yes
SRD= 25th June	Financial Strategy 2021-2023	Cllr R Henley / P. Fitzgerald	Yes
Exec RD = 9 July	Corporate Performance Report	Cllr R Henley / M. Riches	Yes
Informal Exec RD = 8 June	Executive Cllr PFH Session - Leader of the Council & Communications (4)	Cllr F Smith-Roberts	No
SMT RD = 26 May			
4th August 2021	<i>Taunton Innovation District Update (provisional if possible) (2)</i>	<i>Cllr M Kravis / D. Webb/M. Wathen</i>	<i>No</i>
SRD= 23rd July	Levelling Up Bid (CONFIDENTIAL) (1st)	Cllr M Kravis / Joe Wharton	Yes
Exec RD = 6 August	Executive Cllr PFH Session - Economic Development (3)	Cllr M Kravis	No
Informal Exec RD = 6 July			
SMT RD = 23 June			
1st September 2021	Financial Performance 2021/22 Q1	Cllr R Henley/ P. Fitzgerald	Yes
SRD 20th August			
Exec RD = 3 September			
Informal Exec RD = 3 August			
SMT RD = 21 July			
6th October 2021			
3rd November 2021	General Fund 2022/23 Draft Budget Update	Cllr R Henley / P. Fitzgerald	Yes
	Housing Revenue Account 2022/23 Draft Budget Update		
1st December 2021	Financial Performance 2021/22 Q2		
5th January 2022			

Executive Meeting	Draft Agenda Items
21 July 2021	Belvedere Road Public Space
venue =	2020/21 Financial Outturn
Exec RD = 9 July	Financial Strategy 2021-2023
Informal Exec RD = 8 June	Corporate Performance Report
SMT RD = 26 May	Corporate Volunteering Policy and Procedures
18 August 2021	Single Homeless accommodation strategy and delivery plan
venue =	Employment Land Feasibility Study in West Somerset
Exec RD = 6 August	Firepool Design Guidance and Masterplan
Informal Exec RD = 6 July	Levelling Up Bid
SMT RD = 23 June	
15 September 2021	Financial Performance 2021/22 Q1
venue =	Corporate Performance Report
Exec RD = 3 September	Tower Street
Informal Exec RD = 3 August	
SMT RD = 21 July	
20 October 2021	Public Realm Design Guide for Taunton Garden Town – Feedback
venue =	Somerset West and Taunton Districtwide Design Guide
Exec RD = 8 October	
Informal Exec RD = 7 September	
SMT RD = 24 August	
17 November 2021	Voluntary and Community Sector Grants Review
venue =	General Fund 2022/23 Draft Budget Update

Exec RD = 5 November	Housing Revenue Account 2022/23 Draft Budget Update
Informal Exec RD = 5 October	
SMT RD = 22 September	
15 December 2021	Financial Performance 2021/22 Q2
venue =	Corporate Performance Report
Exec RD = 3 December	
Informal Exec RD = 2 November	
SMT RD = 20 October	
19 January 2022	
venue =	
Exec RD = 7 January	
Informal Exec RD = 30 November	
SMT RD = 17 November	
Budget - 9 February 2022	Housing Revenue Account 2022/23 Budget
venue =	General Fund 2022/23 Budget
Exec RD = 28 January	
Informal Exec RD = 4 January	
SMT RD = 8 December	
16 February 2022	
venue =	
Exec RD = 4 February	
Informal Exec RD = 4 January	
SMT RD = 8 December	

16 March 2022	Financial Performance 2021/22 Q3
venue =	Capital, Investment and Treasury Strategy 2022/23
Exec RD = 4 March	Corporate Performance Report
Informal Exec RD = 1 February	
SMT RD = 19 January	
20 April 2022	
venue =	
Exec RD = 8 April	
Informal Exec RD = 8 March	
SMT RD = 23 February	
Items to be Confirmed	

FULL COUNCIL

Meeting	Report Deadline	Draft Agenda Items
27 July 2021	15 July 2021	Review of the Commercial Property Investment Activity and Performance Report
		Skatepark Petition Update
		Community Governance Review for the Unparished Area of Taunton - Publication of Terms of Reference
		Decisions taken under the urgency rules
		Motion from Cllr Wakefield
		Future High Street Fund Award
		Political Allocations (after by-elections)
7 September 2021	25 August 2021	Single Homeless accommodation strategy and delivery plan
		Firepool Design Guidance and Masterplan
		Employment Land Feasibility Study in West Somerset
		Financial Strategy 2021-2023
		Corporate Volunteering Policy and Procedures
		Levelling Up Bid
7 December 2021	25 November 2021	Voluntary and Community Sector Grants Review
		Tower Street
		Public Realm Design Guide for Taunton Garden Town - Feedback
		Somerset West and Taunton Districtwide Design Guide
		Annual Review of the Commercial Property Investment Strategy
8 February 2022	27 January 2022	
24 February 2022	14 February 2022	Housing Revenue Account 2022/23 Budget

Budget Only		General Fund 2022/23 Budget
		Council Tax Resolution 2022/23
		NO MORE ITEMS
29 March 2022	17 March 2022	Capital, Investment and Treasury Strategy 2022/23
10 May 2022	28 April 2022	Annual Council Meeting
		Council Committees for 2021/2022 and their Terms of Reference
		Appointment of Representatives on Outside Bodies
		To authorise the sealing or signing of documents to give effect to any decisions taken

Somerset West and Taunton Council

Corporate Scrutiny – 7 July 2021

Financial Monitoring – Outturn Position 2020/21

This matter is the responsibility of Executive Councillor Ross Henley, Portfolio Holder for Corporate Resources

Report Author: Emily Collacott, Finance Manager and Deputy S151 Officer

1 Executive Summary / Purpose of the Report

- 1.1 This report contains information related to Somerset West and Taunton Council's (SWT) financial performance for the 2020/21 financial year. The outturn figures included are provisional subject to the completion of the external audit of the statutory financial statements. The audit is due to be completed between July and September with the findings due to be reported to the Audit and Governance Committee on 27th September this year.
- 1.2 The COVID pandemic has significantly impacted upon the Council's services, costs and income during the past financial year. The situation has been extremely dynamic throughout the year both in terms of various announcement of additional funding arrangements from Government and the local impact on demand for and delivery of services. Budgets were revised at Quarter 3 taking into account changes agreed by Council including allocations from reserves, plus further changes made under delegated powers such as to reflect more recent COVID grant funding allocations made. Measures were implemented early in the year by leadership to mitigate risk and uncertainty.
- 1.3 By the end of the financial year, COVID has resulted in additional cost pressures and loss of income to the General Fund totalling £7.270m. This has been partly offset by additional government funding of £5.718m but has required £1.552m of Council funds to meet the shortfall.
- 1.4 COVID has also impacted on the expenditure for 'business as usual' services. Management have prioritised significant intervention and support in response to COVID and in some cases activity has been delayed or deferred e.g. due to supply chain limitations. This has contributed to a carry forward of planned spend into 2021/22 of £2.079m. Despite the financial pressures and ongoing delivery of key services the Council has contained spend and reports a net underspend against final General Fund revised budget of £1.245m.
- 1.5 The **revenue outturn position** for the financial year 2020/21 is as follows:
 - 1.5.1 The General Fund (GF) Revenue Outturn position for 2020/21 is a net underspend of £1.250m (5.9% of net budget). This is net of £2.079m of budget carried forward to 2021/22.
 - 1.5.2 The HRA Revenue Outturn position for 2020/21 is a net overspend of £15k (0.1% of

gross income).

1.5.3 The HRA is a ring-fenced, self-financing account used to manage the Council's Housing Landlord function, which is budgeted to break even (net of approved transfers to/from HRA Reserves). As the HRA Net Budget is net £nil with costs wholly offset by income and reserves, performance is reported against gross income for monitoring purposes.

1.6 The **capital outturn position** for 2020/21 is as follows:

1.6.1 The total approved General Fund Capital Programme budget in place in 2020/21, including schemes brought forward from previous years, was £112.5m (Appendix C). This relates to a combination of schemes to be delivered in the year and some that will span over more than one year. £63.3m has been spent during 2020/21. Of the remaining £49.2m, £0.1m is reported as net underspend on projects completed during the year, £7.5m is removed from the budget as it is no longer required, and £41.6m will be carried forward for ongoing schemes.

1.6.2 The actual spend on the HRA Capital Programme during 2020/21 was £9.1m with £231k budget underspend being returned as no longer required (Appendix D). The major areas of capital spend during the year related to the capital maintenance for the existing housing stock and the development and acquisition of new stock. Capital budget totalling £125.3m is planned to be spent over the MTFP, which includes housing development projects that will be delivered over several years (Appendix E).

2 Recommendations

2.1 The Executive is recommended to:

2.1.1 Note the impact of COVID on the Council's cost and income during 2020/21 financial year.

2.1.2 Note the reported General Fund Revenue Budget underspend of £1.25m in 2020/21 and the General Reserves Balance of £7.915m as at 31 March 2021.

2.1.3 Note the S151 has approved General Fund Revenue Budget carry forwards totalling £1,139,360 as detailed in Appendix A.

2.1.4 Approve an additional General Fund Revenue Budget carry forward of £939,940 for items greater than £150,000 as detailed in Section 7.

2.1.5 Approve a supplementary budget of £806,000 for the 2021/22 General Fund Revenue budget funded from general reserves as detailed in Section 8.

2.1.6 Note the reported Housing Revenue Account Budget overspend of £15k in 2020/21 and the HRA General Reserves Balance of £2.8m as at 31 March 2021.

2.1.7 Note the Capital Outturn position.

2.1.8 Approve the proposed carry forward of £41.6m approved budget to 2021/22 General Fund Capital Programme (as per Appendix C) and the £125.3m HRA Capital Programme for the MTFP period (as per Appendix E).

- 2.1.9 Approve the retrospective inclusion of £3,789,053 Budget in the 2020/21 Capital Programme funded with matching grant income for the Watchet East Quay Development, as SWTC is the accountable body for the Coastal Communities Fund grant allocated to this scheme which commenced in previous years, noting there is no net cost to the Council.
- 2.1.10 Note the Capital Programme schedule identifying the schemes and overview profile providing the basis for future performance monitoring (as per Appendix E).

3 Risk Assessment

- 3.1 The Council has managed significant financial risks during the past financial year, notably due to the significant volatility in costs and income due to COVID, economic recovery, and a range of additional grant funding arrangements from Government that emerged throughout the year.
- 3.2 Whilst a significant focus was placed on COVID, the final outturn position demonstrates that it has been difficult in some areas to accurately forecast the timing of spend, and how much spend has ultimately been supported by additional funding. Forecasting of income and service demand has been susceptible to fluctuation during the year as national and local restrictions have been implemented and eased for various periods during the year, and resources have been diverted to COVID-related priorities. Additionally, budget monitoring accuracy has been exposed to risk as operating budgets were reorganised during the year to reflect the Directorate structure, and work has continued throughout the year to review and update the accuracy and alignment of budgets to service requirements. The overall scale of underspend at year end was greater than forecast at Q3, which reflects this context but also highlights more work is required during 2021/22 to improve the accuracy of forecasts in future.
- 3.3 Financial risks and uncertainties have been included in budget setting and budget monitoring reports presented to Members. Prudent management of spend and the Council's reserves position in the face of this uncertainty has been important in maintaining a robust financial health for the Council. It is clear from the impact of COVID that Council resources would have been in a much worse position without the additional funding provided by Government.

4 Background and Full details of the Report

- 4.1 This report informs Members of SWT's financial outturn (a comparison of net spending against the budget for the year) for revenue and capital budgets in 2020/21 for the Council's General Funds (GF) and Housing Revenue Account (HRA).
- 4.2 Scrutiny and the Executive have received quarterly budget monitoring reports throughout the year which have highlighted variances from budgets and comments from the budget holders, as well as summarising the main risks and uncertainties as explained above. The forecast position has fluctuated during the year.
- 4.3 The outturn figures contained in this report are provisional at this stage. The financial outturn has been taken into account when preparing the Council's Draft Statement of Accounts, which is due to be approved by the Assistant Director – Finance (S151 Officer) at the end of June, and is now subject to review by the Council's External Auditor. Should the External Auditor identify the need for any changes to the Accounts

these will be reported to the Audit and Governance Committee on 27th September this year.

5 2020/21 Financial Performance

- 5.1 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 regular review of all budgets. Budget Holders, with support and advice from their finance business partners, review the position, and update their forecasts 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 assumptions and estimates will differ from the eventual outcome, and several risks and uncertainties have been highlighted in previous budget monitoring reports.
- 5.2 During the 2020/21 financial year the COVID pandemic presented a new and additional complexity for budget holders to navigate. An early review of the potential impact of COVID led to Council approving an increase in the budget for the year and a significant reprioritisation of reserves to fund this and other interventions during the year as well to mitigate corporate financial risk.
- 5.3 Another factor that has led to some clarification of costs towards the end of the financial year relates to clearing a backlog of transactions from the Council’s job cost system (Open Contractor) to allocate costs of works such as maintenance of council housing, parks and open spaces, and the Council’s land and property estate. This work took significant time and resource to complete across a range of services and resulted in some cost allocations being applied to budgets at or towards the end of the financial year.
- 5.4 The Council has continued to operate within the framework of their Financial Strategy and the overall financial standing at the end of the financial year is sound. The Reserve balances for the General Fund and the HRA are above their respective recommended minimums, which provides added financial resilience which is prudent given the scale of risk and uncertainty. The Medium Term Financial Plan also incorporates planned use of reserves to support the 2021/22 and 2022/23 budget, and the current reserves balance is sufficient to support this approach.

6 Budget Outturn Summary

- 6.1 The General Fund Revenue Outturn position for 2020/21 is a net underspend of £1.25m (-5.9% of Net Budget). This is net of £2.079m of budget carried forward to meet expenditure now planned to be delivered in 2012/22.

Table 1: General Fund Revenue Outturn Summary

General Fund Outturn 2020/21	Current Budget £000	Outturn £000	Carry Forwards	Variance	
				£000	%
Development & Place	2,067	1,764	291	-13	-0.6%
External Operations & Climate Change	13,297	11,854	1,052	-391	-2.9%
Housing & Communities	3,422	3,104	320	2	0.1%
Internal Operations	10,083	9,303	416	-363	-3.6%

General Fund Outturn 2020/21	Current Budget £000	Outturn £000	Carry Forwards	Variance	
				£000	%
Senior Management Team	857	844	0	-13	-1.5%
Net Cost of Services	29,726	26,869	2,079	-778	-2.6%
COVID General Grants	-5,352	-5,718	0	-366	6.8%
Investment Properties	-947	-1,117	0	-170	17.9%
Interest and Investment Income	-683	-931	0	-248	36.2%
Expected Credit Losses	0	-12	0	-12	-0.0%
Net Transfers (from) / to Earmarked Reserves	-1,995	-3,824	0	-1,829	91.7%
Net Transfers (from) / to S31 Earmarked Reserves	0	14,777	0	14,777	0.0%
Net Transfers to General Reserves	2,143	2,143	0	0	0.0%
Capital and Other Adjustments	-1,620	1,659	0	3,278	-202.4%
Net Budget	21,272	33,846	2,079	14,653	68.9%
Funding	-21,272	-22,397	0	-1,125	5.3%
S31 Funding	0	-14,777	0	-14,777	0.0%
Variance	0	-3,329	2,079	-1,250	-5.9%

Note: Negative figures represent income / underspend
Variances are calculated after deduction of carry forwards

- 6.2 The Forecast Outturn as at Quarter 3 (December 2020) was a projected £1.466m net underspend within the General Fund Revenue Budget, reflecting known differences reported at that stage and budget holders' plans and assumptions about the costs and income anticipated in the remainder of the year.
- 6.3 The variances reported at the end of the financial year indicate some changes since that time, reflecting more recent information and a degree of caution and/or optimism in previous forecasts. This also includes any carry forward requests agreed by the Section 151 Officer under delegated powers of authority.
- 6.4 A summary of the outturn position, and the differences between the reported variances at Quarter 3 and the year-end Outturn, are summarised per directorate below.
- 6.5 **Development & Place:**
- 6.5.1 The Development and Place directorate has reported net expenditure of £1.764m in 2020/21, which has delivered a range of services and projects including:
- Strategy and policy development
 - Planning services including Local Plan development, planning applications processing and enforcement
 - Economic development
 - Town centre regeneration
 - Heritage projects
 - Commercial investment (investment properties budget is reported 'below the line')

- 6.5.2 The directorate has reported a net underspend of £13k at the end of the financial year, after taking into account £291k of budget carried forward to 2021/22 financial year.
- 6.5.3 The outturn for the year reflects cost pressures in: Strategy and Policy due to a budgeted grant not received, unbudgeted feasibility work on Wellington Station and higher payroll as the result of a salary protection agreement, and Planning Services due to utilising agency staff to perform planning enforcement duties, costs related to a judicial review and provision for planning refunds offset by higher than expected income and staff recharges. This was offset by underspend in: Economic development where the service has been successful in obtaining grant funding towards COVID related costs and recovering staff costs from a variety of agencies (SCC, WSOA, DWP, LEP and Steam Coast Trail) who we perform services for, and savings due to staff vacancies in Major & Special Projects, partly utilised to fund project management costs and consultancy fees on the future possible use for the Debenhams premises.
- 6.5.4 The Quarter 3 to Outturn movement for Development and Place has come about due to the budget monitoring regime improving over the year. Budget holders have been able to identify duplicate budget lines and have clarified staff establishment against budget.

**Table 2: Development & Place
Main Differences between Quarter 3 and Outturn Variances**

	Q3 £	Movement £	Outturn After Carry Forwards £
Department Notes			
Strategy and Policy: Movement driven by the inclusion of £50k related to the unbudgeted feasibility work for Wellington Station partially offset by the transfer of the Landscape Planning Officer to Planning.	84,151	40,740	124,890
Economic Development: the underspend is mainly due to the impact of unbudgeted staff cost recoveries from SCC, WSOA, DWP, LEP and Steam Coast Trail. The movement relates to COVID related costs previously reported that have now been claimed from the ERDF.	-131,537	-63,920	-195,457
Planning: Higher than anticipated planning income of c£60k and additional officer time recharges of £28k offset by a carry forward request for potential planning guarantee refund requests of £92k.	154,434	5,846	160,280
Major and Special Projects: the underspend is mainly due to vacancies savings which have been offset in part by agency costs on the major projects and unbudgeted consultancy fees.	-76,687	3,204	-73,483
Other Minor Variances	22,107	-50,872	-28,765
Total	52,468	-65,002	-12,535

6.6 External Operations and Climate Change:

6.6.1 The External Operations and Climate Change directorate has reported net expenditure of £11.854m in 2020/21, which has delivered a range of services and projects including:

- Climate change strategy development and Carbon Neutrality and Climate Resilience (CNCR) action plan implementation
- Asset and property management for general fund assets
- Regulatory services such as environmental health and licensing
- Service resilience and emergency planning
- Open spaces and street scene
- Client for major contracts including waste, building control, leisure, street cleansing
- Harbours, coastal protection, and flood management
- Cemeteries and crematorium
- Car parks

6.6.2 The directorate has reported a net underspend of £391k at the end of the financial year, after taking into account £1.052m of budget carried forward to 2021/22 financial year.

6.6.3 The directorate has reported a cost pressures related to grounds maintenance. These in part reflect the backlog of jobs within the Open Contractor system being charged through although this doesn't affect the Council's 'bottom line' as it is in effect an internal recharge of costs to relevant cost centres. However these pressures have been more than offset by: a net underspend on major contracts due to effective contract management e.g. park and ride subsidy, a building control partnership credit, and the street cleaning contract; staff savings in public health and regulatory services and additional COVID funding; a net underspend in bereavement services through a combination of business rates savings and an improved range of services delivering additional income; and managed savings on the parking enforcement contract and reduced car park business rates.

6.6.4 Much of the planned activity for 2020/21 was directly impacted by the COVID-19 pandemic. That is reflected in the level of budget carry forward planned from 2020/21 into 2021/22. It is work we need to do, and it will be added to the planned activity described in the Directorate Plan for 2021/22. For many colleagues this equates to delivering 2 years' worth of activity in 12 months.

6.6.5 The budgets for the Directorate are evolving post Transformation. With each iteration costs are challenged, assumptions unpicked, and efficiencies delivered. This is an iterative process that will continue through 2021/22 into budget setting for 2022/23 and beyond.

6.6.6 The Directorate has several touch points with the Open Contractor (OC) software, which is the Council's job costing system used to allocate costs of job-based works and services to related cost centres. The intent was, and continues to be, very clear – to cease its use and disconnect it from the Directorate's budget lines. Whilst work

continues to achieve that intent, delivering that outcome is proving a challenge. The variances in Directorate budget year end from previously reported positions are in the main related to Open Contractor (OC).

**Table 3: External Operations and Climate Change
Main Differences between Quarter 3 and Outturn Variances**

	Q3 £	Movement £	Outturn After Carry Forwards £
Department Notes			
Major Contracts: the underspend is a combination of maintenance work that has been delayed, one-off reductions in cost associated with COVID-19 and permanent efficiencies driven from the contracts. The movement is forecasting activity in relation to COVID and a carry forward request now approved.	-361,120	150,046	-211,073
Climate Change: a supplementary budget of £500k was approved by Full Council 26/10/20, which provides initial funding to support a wide range of projects in the CNCR plan and other beneficial activities. This is the underspend to be carried forward. The movement relates to a decision made after Q3 to use some of this funding to purchase land at Cotford St Luke and pending Executive approval for a carry forward request of the balance of this fund to be used in 2021/22.	-500,000	490,894	-9,106
Public Health: this is an underspend on staffing costs following a service realignment (which has been reflected in the 21/22 budgets). The movement is additional income received from the Outbreak Management Fund and committed to COVID Recovery activity.	-169,996	-21,186	-191,182
Bereavement Services: this is a combination of more income than budgeted and a reduction in business rates for the Crematorium. The increased income is associated with improving the range of services offered rather than any specific event or pressure.	4,736	-237,644	-232,908
Parking: this mainly relates to maintenance works being delayed due to COVID as well as a one-off reduction in business rates, payment of the Parking Enforcement Partnership offsetting loss of parking income due to COVID. The movement is the approval of a carry forward request.	-125,129	100,858	-24,271
Other: this movement relates to catch up of backlog of historic jobs charged towards the end of the year via Open Contractor and approved carry forward requests.	474,557	-197,489	277,068
Total	-676,951	285,479	-391,472

6.7 Housing & Communities:

6.7.1 The Housing and Communities directorate has reported net expenditure of £3.104m in 2020/21, which has delivered a range of services and projects including:

- Housing options include accommodation and support for homelessness and rough sleepers including the 'everyone in' priority due to COVID
- Housing strategy development
- Housing enabling, including affordable and rural housing
- Community resilience services such as CCTV, public safety and community engagement
- The service also manages council housing and supported housing services through the Housing Revenue Account which is accounted for separately.

6.7.2 The directorate has reported a net overspend of just £2k at the end of the financial year, after taking into account £320k of budget carried forward to 2021/22 financial year.

6.7.3 Members will be aware of the significant impact COVID has had on the more vulnerable members of society. The Council has undertaken extensive activities to support homeless people in the last year, less traditional case work was undertaken as lockdown had the effect of freezing mobility of many people for example by the suspension of landlord evictions. However new work to provide more support to single people and rough sleepers was a key feature of the year, much of which was supported by Government funding. This impact on the work Homelessness team is reflected in our end of year budget position, however this situation is expected substantially reverse in the year to come with cost pressures expected.

6.7.4 Within the directorate's overall outturn position, savings have arisen in community safety costs for the CCTV monitoring service, where a 25% rebate on service costs has been received, helped to mitigate staff cost pressures in homelessness services. A total cost pressure of £138k has been reported in management costs necessary to meet statutory duties. Accommodation and surrounding support costs for homeless and rough sleepers has been mitigated by suppressed demand and significant COVID related funding resulting in an underspend in the General Fund. However, it is recommended to carry forward £320k to support an expected spike in costs in 2021/22, such that the service outturn against budget broadly balances overall.

**Table 4: Housing and Communities
Main Differences between Quarter 3 and Outturn Variances**

	Q3 £	Movement £	Outturn After Carry Forwards £
Department Notes			
Community Resilience: this underspend relates to a one-off one quarter rebate for the CCTV contract.	-46,870	-10,887	-57,757
Homelessness: The overall underspend is a combination of: <ul style="list-style-type: none"> • An overspend of £137.6k on staffing costs related to the current management arrangements to meet 	-256,500	299,265	42,765

	Q3 £	Movement £	Outturn After Carry Forwards £
Department Notes			
<p>the service statutory requirements and current improvement plan.</p> <ul style="list-style-type: none"> An underspend of £467k because of suppressed demand due to lockdown, suspension of landlord evictions and alternate provision (such as Beach Hotel in Minehead and Canonsgrove in Taunton) being funded by additional COVID homeless grants. This led to a steep drop in B&B costs, alongside spend to private landlords (for rent in advance, deposits etc), as well other related spend. <p>The movement in Q4 refers to a carry forward request that is pending Executive approval.</p>			
Other Minor Variances	4,000	13,415	17,415
Total	-299,370	301,792	2,422

6.8 Internal Operations:

6.8.1 The Internal Operations directorate has reported net expenditure of £9.303m in 2020/21. This delivers a range of support services and corporate projects, as well as budgets for a range of centrally-held corporate costs. The main services and projects delivered within this directorate include:

- Customer Services including call-handling, front of house, Deane Helpline and Emergency Response Team
- Council Tax and Business Rates administration and income collection services
- Housing benefits and local council tax support administration
- Income control and collection from customers ('Accounts Receivable')
- Payments to suppliers ('Accounts Payable')
- Corporate strategy, corporate performance, and business intelligence
- Operational support and digital mailroom
- Finance and procurement services
- Corporate Services including Communications and Engagement, People Management including HR and Payroll, Corporate Health and Safety, ICT services
- Corporate governance including Committee administration and Elections services
- Internal Change programmes and projects

6.8.2 The directorate has reported a net underspend of just £363k at the end of the financial year, after taking into account £416k of budget carried forward to 2021/22 financial year.

6.8.3 As outlined in the main report COVID has created a disrupted year in service delivery for some areas of the Directorate such as Communications and Engagement. Other areas of the Directorate have fixed points of annual variances such as the Benefits team which are beyond our control. Our change and technology programmes have

delivered savings and efficiencies in year, initial budgets were set for these programmes during a time of disruption and change so future budget profiling for 2021/22 will be better aligned.

- 6.8.4 The outturn for the year reflects cost pressures in: Housing Benefit net costs; additional staff costs needed to support emergency services due to impact of COVID; and a reduction in recharges of support service costs to the HRA. This was offset by underspend in: Communications and Engagement where delivery support for events and marketing has reduced due to COVID restrictions; efficiencies have been delivered in ICT infrastructure, equipment and compliance costs; corporate management costs where legacy credit balances held on balance sheet have been cleared to revenue at year end; and an accrual for a late notification and receipt of New Burdens grant funding after the year end.

**Table 5: Internal Operations
Main Differences between Quarter 3 and Outturn Variances**

	Q3 £	Movement £	Outturn After Carry Forwards £
Department Notes			
Communications & Engagement: Because of COVID and the Government messaging around “staying at home” a significant proportion of the budget that would have been spent on supporting events and marketing was not needed.	-148,995	14,176	-134,819
Internal Change: The outturn includes an approved carry forward request for the original staffing underspend (due to a vacant post and maternity leave) together with lower income from the HRA for shared support staff and for contributions to change projects, the latter of which will be carried forward under the HRA.	-59,800	121,087	61,287
ICT: several workstreams have been successful at finding efficiency savings during the year such as rationalising BT circuits, consolidation of Public Service Network and reducing mobile phone costs.	-137,866	-21,050	-158,916
Benefits: this is a high risk area within the authority. The net difference between the payments going out the door and the money we receive in subsidy is due to many factors. This could include meeting local costs towards War Pensions, Subsidy errors, Rent Officer shortfalls, and contribution to Supported and Temporary housing which are not covered in full by the DWP. These costs are monitored and challenged but many of these shortfalls are out of our control and we are legislatively bound to meet the costs, as are all other administering local authorities.	111,052	64,524	175,576

	Q3 £	Movement £	Outturn After Carry Forwards £
Department Notes			
Revenues: the main reason for the underspend is accrued New Burdens funding that was notified and received in May 2021.	-36,148	-189,384	-225,532
Customer Services: Whilst the service has over recovered against its income budget, unfortunately the staffing costs needed to maintain emergency services throughout the COVID pandemic have been significant. The movement relates to income projections changed after the Q3 forecast was completed.	75,772	82,277	158,049
Finance/Corporate Management: The added underspend was due to a higher than anticipated charge to the HRA for support services of £116k, plus adjustments relating to resolving and clearing items of £60k.	-121,226	-176,410	-297,636
Other Minor Variances	9,892	48,931	58,822
Total	-307,318	-55,849	-363,168

6.9 Senior Management Team:

- 6.9.1 This budget line holds the costs of the Chief Executive and four directors, contingency to support strategic priorities in-year, and funding approved to support Stronger Somerset business case development and related costs. The contingency was used primarily to contribute to project resources dealing with phosphates mitigation led within the Development and Place directorate.
- 6.9.2 Net costs totalled £844k and resulted in a small underspend of just £14k at the end of the financial year.

**Table 6: Senior Management Team
Main Differences between Quarter 3 and Outturn Variances**

	Q3 £	Movement £	Outturn After Carry Forward s£
Department Notes			
Total	-53,740	40,146	-13,594

6.10 Other Costs, Income and Reserve Transfers:

- 6.10.1 As well as budgets allocated to directorates for the delivery of services, a number of budgets are reported 'below the line' as centrally held/corporate items.
- 6.10.2 For 2020/21 this includes accounting for additional emergency COVID grant funding that has been received to mitigate additional costs and income losses due to national and local restrictions. This area also includes items such as:

- Investment properties income
- Other interest costs and income
- Accounting provisions for Expected Credit Losses (commonly known as bad debt provisions)
- Capital accounting adjustments including debt repayment, revenue financing of capital costs, and transfers to and from capital reserves
- Transfers to and from general and earmarked revenue reserves

6.10.3 In summary, the overall position against budget for these items is a net underspend/income of £471k. COVID funding budgets have been updated during the year, however actual income has exceeded previous Q3 forecast primarily where grant to mitigate income losses increased with the reinstatement of full lockdown restrictions since January 2021. In addition, investment property income exceeded budget estimates. Treasury management has outperformed budget mainly due to higher temporary cash balances, slower spend, and lower borrowing rates. Conversely the provision for debt repayment exceeded budget, and the investment properties surplus has been transferred to earmarked reserves to arrive at the net position.

Table 7: Other Costs, Income and Reserve Transfers ('below the line')
Main Differences between Quarter 3 and Outturn Variances

	Q3 £	Movement £	Outturn After Carry Forwards £
Department Notes			
COVID General Grants: Increase in COVID grant income relating to Sales, Fees and Charges compared to the Q3 forecast, when the budgets were adjusted due to an increase in income losses following full lockdown COVID restrictions from January 2021.	-392	-365,353	-365,745
Investment Properties: Over achievement of net income against budget from commercial investment properties acquired during the period (surplus transferred to earmarked reserves – see below).	-167,877	-2,006	-169,883
Interest and Investment Income: Reduction in net interest payments costs and income on in year borrowings. This is because costs of new borrowing have been very low during the period, cash flow has benefitted from significant grant funding received in advance of payments out, and capital expenditure slower than assumed when the budget was set.	-375,890	128,209	-247,681
Expected Credit Losses: This represents a reduction in the provision for Sundry Debtors and housing benefit bad debts / credit losses, despite a more cautious allowance for risk of losses due to COVID / economic pressures on customers.	0	-11,829	-11,829
Transfers from Earmarked Reserves: Transfer of net commercial property investment budget	0	-1,829,275	-1,829,275

	Q3 £	Movement £	Outturn After Carry Forwards £
Department Notes			
surplus of £173k to the Investment Risk Reserve at year end. Movement to reserves for CTax losses funding; £124k previous year pooling gain; £906k for this years pooling gain and £21k for Business Rates. A contribution from Reserves of £3.07m for capital funding			
S31 Transfers to Earmarked Reserves: £11.7m in relation to the Business Rates Holiday and £3.08m for Business Rates Losses (see section 10).	0	14,777,000	14,777,000
Capital and Other Adjustments: This relates to £194k for MRP costs above budget, where the budget was based on historic information but costs have been recalculated for up to date information in respect of total borrowing brought forward on 1 April 2020. The movement relates to funding of capital from earmarked reserves.	362,393	2,916,079	3,278,276
Funding: Additional grant towards council tax discounts and losses received at end of year and pooling gain income.	0	-1,125,276	-1,125,276
S31 Funding: S31 grant received towards Business Rate Holiday of £11.7m and Business Rates Losses of £3.08m (see section10).	0	-14,777,000	-14,777,000
Total	-181,766	-289,450	-471,216

7 COVID Costs and Funding

- 7.1 The COVID pandemic has significantly impacted upon the Council's services, costs and income during the past financial year. By the end of the financial year, COVID has resulted in additional cost pressures and loss of income to the General Fund totalling £7.27m. This has been partly offset by additional government funding of £5.72m but has required £1.55m of Council funds to meet the shortfall. During the year allocations of £1.66m were approved from reserves and therefore the remaining £105k will be returned to General Reserves as part of the overall underspend shown in table 1.

Table 8 – Summary of COVID Costs and Funding

Net Impact of COVID on General Fund Resources:

	£'000
Net impact of additional costs and income losses	7,270
Less: Actual and projected additional grants income from Government	-5,718
Less: Approved in-year allocations from SWTC reserves	-1,657
Amount returned to General Fund Reserves as part of the underspend	105

8 Revenue Budget Carry Forwards

- 8.1 It is usual practice to consider requests for budget carry forwards at the year end,

where a budget holder wishes to retain an underspend for use by the service in the following year. The Council has delegated authority to the S151 Officer to approve individual carry forwards under £150k.

8.2 The situation in 2020/21 was inevitably impacted by COVID with several areas of spend delayed or deferred, and through the carry forwards it is intended to provide the resources to deliver these activities in 2021/22. The proposals for carry forwards totalling £1.277m were provisionally identified within the Financial Monitoring as at Quarter 3 report.

8.3 The final list of proposed carry forwards at the end of the financial year totals £2.079m, reflecting the timing of spend and increased underspend compared to earlier forecasts. These were considered by SMT and the S151 Officer on the 12 May 2021 and they were all agreed. A list of approved carry forwards is included in **Appendix A**.

8.4 Three of the carry forwards that were agreed in principle, totalling £940k, are being recommended to the Executive for approval as they are individually over £150k. These are:

- **Climate Change for £427k:** A budget of £500k and the principle of any under spend to be carried forward was approved at full Council on 26 October 2020.
- **Leisure Maintenance for £193k:** This underspent budget will be used to fulfil the maintenance and contract commitments in leisure centres that were delayed in 2020-21 due to COVID-19.
- **Homelessness for £320k:** COVID has created a 'wave' effect for homelessness demand with a trough in 2020/21 but a potential 'tsunami' expected for 2021/22 once furlough ends due to: courts processing S21 notice evictions, relationship breakdowns (e.g. caused by domestic abuse during lockdowns), and sofa surfers moving on as lockdown ends. Another significant cost will be the need to cover shortfalls in income at Canonsgrove when we begin the decant to new accommodation. Fixed costs will continue, and we have committed to cover shortfalls to the YMCADG so that they break even. Forecasts for these shortfalls are being developed but could be 6 figure sums.

8.5 The S151 Officer has approved carry forwards totalling £1.139m.

9 2021/22 Supplementary Budget Request

9.1 Since the Q3 forecast and the conclusion of 2021/22 budget setting, further spending priorities have been identified, therefore supplementary budgets totalling £806k are requested for 2021/22. The residual underspend in 2020/21 will be transferred to general reserves at 2020/21 year end, and it is proposed to reinvest some of this underspend to support these additional costs. A list of the individual requests are as follows:

- **Phosphates for £200k:** further funding is required for consultancy costs for the programme of works required to deliver the wetland creation. These include: Habitat Regulations Assessment for all new sites acquired, implementation of the design of the 8-stage process devised by Royal Haskoning; Natural England Registration costs for project assessments; legal costs for S106 agreements (may be Unilateral Undertakings); and a septic tank scoping exercise.

- **Health & Safety for £126k:** This will be used to fund a combination of additional temporary staff resources, training, and IT/software costs. We have identified a series of training needs and structure changes including internal control functions that need to be addressed to ensure the safety of our teams and the wider community during our operations. This money also includes costs for upgraded software that allows us to complete risk assessments in the field and track the work we do to keep ourselves safe far more easily. This is the General Fund share of the total costs of £222k.
- **Parks and Open Spaces for £100k:** The Bandstand in Vivary Park is a Grade II listed structure. The budget to refurbish reflects the uncertainty of taking on this refurbishment task.
- **Asset Management for £150k:** Provision is being made to enable Somerset West and Taunton to cover any liability it may have with regard to Stogursey Church wall.
- **Hankridge Pond for £100k:** Ongoing costs associated with the Council's legal liability maintaining a public open space.
- **Revenues for £130k:** Additional temporary service capacity on an 'invest to save' basis to tackle tax income arrears, helping the service recover from the diversion of significant time and resource to administering COVID business grants. The project will also seek to leverage funding and benefits from our enforcement agent contracts. This is in part utilising new burdens funding that was received after the end of 2020/21 financial year and forms part of the underspend transferred to general reserves.

10 Business Rates

- 10.1 The Business Rates Retention (BRR) funding system is both challenging and volatile, with the Council facing significant risks particularly in respect of appeals against rateable values by rate payers. The required accounting arrangements also result in some 'timing differences' which can skew the funding position across financial years. SWTC's standard share of net rates income is 40%.
- 10.2 SWT, together with Somerset County Council, Mendip, Sedgemoor and South Somerset district councils, operate as a business rates pool, enabling a higher proportion of business rates growth to be retained by the Councils.
- 10.3 The Business Rates Retention outturn for 2020/21 is significantly skewed by the additional business rates reliefs awarded to retail, hospitality, leisure and nursery businesses as one of the measures to support business for COVID impact, in the form of a 'business rates holiday'. This provided £29m of financial support to business, which results in a deficit in the Collection Fund, which is due to be reimbursed to the Fund in 2021/22. The Council is compensated for this loss of income through additional S31 grant from Government, which is accounted for in 2020/21, but will be earmarked to pay for the reimbursement to the Collection Fund in 2021/22.
- 10.4 Business Rates income to the Collection Fund was also significantly reduced in 2020/21 due to a 90% reduction in Rateable Value for Hinkley B nuclear power station, resulting in a £9m refund to ratepayer (40% of which is paid for by SWTC). This increases the deficit reported in the Collection Fund which is to be reimbursed in 2021/22, and this is reflected in the 2021/22 General Fund budget. Fortunately, the tax lost compensation scheme introduced by Government for 2020/21 due to COVID

will offset 75% of SWTC's losses, reducing the burden on the Council's own reserves.

- 10.5 The following table summarises the net position in respect of retained business rates funding for SWT in 2020/21 based on required accounting entries.

Table 9: Business Rates Funding Outturn 2020/21

	Budget £000	Outturn £000	Variance £000
40% Share of Business Rates Income (per original budget)	-23,004	-23,004	0
Tariff to Government (fixed amount)	18,395	18,395	0
Section 31 Grant funding for enhanced Small Business Rates Relief/Flooding Relief/Retail Reliefs	-2,961	-14,184	-11,223
Renewable Energy Rates – 100% retained by SWT	-206	-205	1
50% Levy Payment	1,555	1,060	-495
Tax Income Guarantee Scheme	0	-3,081	-3,081
Sub Total	-6,221	-21,019	-14,798
Previous Year's Collection Fund Surplus	-2,071	-2,071	0
Total Retained Business Rates Funding 2020/21	-8,292	-23,090	-14,798

- 10.6 The Council maintains a Business Rates Volatility Reserve, which enables the council to 'smooth out' accounting timing differences within the BRR system, and provide a prudent contingency to protect the revenue budget from large reductions in business rates income – e.g. through larger than estimated appeal refunds and large variances in S31 grant income – and collection fund deficits.
- 10.7 Separate earmarked reserves have been created at year end to hold the S31 grants received in respect business rates due to COVID. One grant relates to the business rates holiday and this is needed to fund the resulting Collection Fund Deficit repayment in 2021/22, £11.7m has been transferred to an earmarked reserve for this purpose. We also received a grant for tax income guarantee which is required to fund part of the Collection Fund Deficit which will be spread over the years 2021/22-2023/24, £3.08m has been transferred to an earmarked reserve for this.
- 10.8 The Council has received a pooling gain of £906k in 2020/21. This has been transferred to the Business Rates Retention Volatility earmarked reserve. Within the Financial Strategy report it is proposed that this is utilised to support the budget in 2022/23 and additional financial sustainability measures such as capital financing.

11 Debt Write Off

- 11.1 The total amount of debtor write-offs made during 2020/21 amount to £415,737. The table below provides a breakdown of debts written off between the General Fund, Housing Revenue Account and the Collection Fund. Of this there were no individual customers where individual debts greater than £25,000 that were written off.

Table 10: Value of Debts Written Off 2020/21

	£
General Fund:	
Sundry Debts (all E5 debts (includes HRA))	21,763

	£
Housing Benefits	22,253
Housing Revenue Account:	
Sundry Debts	2,991
Social Housing Tenants	99,811
Collection Fund:	
Council Tax	163,963
Business Rates	104,957
Total	415,737

12 General Fund Earmarked Reserves

- 12.1 The Council sets aside funds for specific purposes in earmarked reserves to be used in future years to meet planned spend on services not yet incurred, and specific contingencies for material financial risks.
- 12.2 **Appendix B** provides a summary of the earmarked reserves and their movement during the year. The total balance of General Fund earmarked reserves at the end of the financial year is £33.768m. The balance is skewed this year end with the significant transfer of S31 grant received in 2020/21 for 'business rates holiday' funding losses that will hit the General Fund in 2021/22 and tax income guarantee in 2021/22-2023/24 (see para 10.7 above).

13 General Reserves

- 13.1 The following table summarises the movement on the General Reserves Balance during the year.

Table 11: General Reserve Balance

	£000
Balance Brought Forward 1 April 2020	4,522
Approved Transfers in 2020/21	2,143
Outturn 2020/21 revenue budget underspend	1,250
Balance Carried Forward 31 March 2021	7,915
Requested Supplementary budget for 2021/22 (Section 9 above)	-806
Unitary Council Poll	-86
Future Use of Reserve in 2021/22 for Base Budget	-1,160
Future Use of Reserve in 2022/23 for Base Budget (per updated Strategy)	-1,000
Projected Balance	4,863
Recommended Minimum Balance	2,400
Balance above recommended minimum	2,463

- 13.2 The reserve balance as at 31 March 2021 (subject to audit) is £7.915m. The balance was planned to be increased during 2020/21 in line with the Financial Strategy agreed by the Executive in October 2020, to enhance resilience and provide flexibility to support the MTFP in 2021/22 and 2022/23.
- 13.3 Executive is now requested to approve a range of supplementary budgets totalling £806k in 2021/22, the Leader of the Council has approved £86k to fund Unitary Council Poll in 2021/22 and Full Council approved £1.160m in February 2021 as part of the base budget for 2021/22. A further £1m is currently being estimated as needed

to support the delivery of a balanced budget in 2022/23, per the updated Financial Strategy report elsewhere on this agenda.

- 13.4 This leaves a projected balance of £4.863m which provides £2.463m above the necessary minimum identified prior to Covid. In current circumstances it is prudent to maintain this headroom to allow flexibility in the face of potential unexpected costs / lost income, and to hold funds that are likely to be needed to support transition to and implementation of a unitary structure.

14 Land Charges, Licensing and Taxi Licensing

- 14.1 Under regulations the Council needs to report how its Licensing and Land Charges services perform in the financial year. These services set fees and charges based on estimated reasonable costs and aim to break even each year. However, due to fluctuations in demand and costs the services may report an under- or over-recovery in any one year and the Council therefore transfers any surplus/deficit to a self-financing reserve.
- 14.2 Land Charges: During 2020/21 the Council has over-recovered its costs adjusting the self-financing reserve to a year end credit balance of £10,737. During the next round of fees and charges setting adjustments will be made with the view achieving a break-even position on a three year rolling basis.
- 14.3 Licensing: During 2020/21 the income target was realigned for the Licensing Act 2003 fees. As the fees are centrally set by Central Government any under or over recovery on these fees cannot form part of the self-financing reserve, therefore no amount was transferred to the reserve in 2020/21.
- 14.4 Taxi Licensing: There was an over-recovery of £7.7k during 2020/21 which reduces the self-financing reserve deficit to £40,842 at the end of the year. During the next round of fees and charges setting adjustments will be made with the view to achieving a break-even position on a three year rolling basis.

Table 12: Licensing and Land Charges Self-Financing Reserves

	Balance Brought Forward £	Net Reserve Transfers £	Balance Carried Forward £
Land Charges	11,064	-21,801	-10,737
Licensing	68,811	0	68,811
Taxi-Licensing	48,542	-7,700	40,842

Note: minus (-) = funds in hand

15 Taunton Unparished Area Fund (Special Expenses)

- 15.1 During 2019/20 and previous years the Council set an annual budget for the Unparished Area of Taunton, which was funded through a “Special Expenses” Council Tax charge to households in the area plus funding provided towards the impact of Council Tax Support on the Unparished area tax base. The Council agreed to transfer the management of these funds to the Charter Trustees in 2019/20. The following table summarises the income and expenditure for the Fund in 2020/21.

Table 13: Unparished Area Fund Income and Expenditure

	£	£
Fund balance brought forward 1 April 2020		-69,436
Special Expenses Precept 2020/21		-29,240
<i>Expenditure funded in the year:</i>		
1 Dog Bin Marden Grove/Tyne Park	1,046	
1 Dog Bin Larch Close	1,046	
1 Dog Bin Hawthorn Park	1,046	
1 Dog Bin Chestnut Drive	1,046	
1 Litter Bin Calder Crescent/Ilminster Road	1,046	
2 Benches Severn Drive	2,400	
2 dog bins Dorchester Road	2,092	
Tree Cutting Avill Crescent	524	
St Andrews Church Enhancements	5,000	
Williton Community Shop	1,500	
Stoke Road Allotments CIC	550	
Transition Town Repair Cafe	1,000	
Unlocking Potential Somerset	12,000	
Street Pastors Radios	734	
Taunton Winterfest 2020	5,100	
Taunton Winterfest tranche 2	3,240	
Taunton East Development Trust Fence	1,450	
Total Expenditure		40,875
Fund Balance in hand carried forward 31 March 2021		-57,801

Note: minus (-) = funds in hand

- 15.2 The Fund was generally used to support minor works, worthwhile community activities and individual projects. The balance of funds at the end of the year remain as held by SWTC. For 2020/21, the Charter Trustees has raised its own precept for civic and mayoralty costs, and SWTC has continued to raise special expenses for supporting initiatives and projects in the unparished area. These funds are distinct from the Charter Trustees' precept.

16 General Fund Capital Programme

- 16.1 The total General Fund Capital Programme budget in place for 2020/21, including schemes brought forward from previous years, was £112.5m. This related to a combination of schemes to be delivered in the year and some that will span over more than one year.
- 16.2 The profile of estimated capital spend in 2020/21, projected as at Q3 and as reported at budget setting in February 2021, was £70.7m. The total actual spend for the year amounted to £63.5m was spent during 2020/21, which was £7.2m below Q3 forecast. Most of this difference is due to timing of spend of projects that a still work in progress at 31st March 2021, with £0.1m reported as net underspend on projects completed during the year. An additional £7.5m is reported as 'underspend' against the total programme but reflects capital loan schemes that are no longer required (see 16.4 below) therefore the budget for these is not rolled forward. Overall, £41.4m of existing approved budget is profiled into future years for ongoing schemes. A summary by Directorate of the outturn for the year is included in **Appendix C**. Additionally, an updated summary of the 2021/22 Capital Programme budget including carry forwards

is set out in **Appendix E** for information.

- 16.3 The main areas of capital investment during the year include:
- £44.1m in Commercial Investment Properties acquisitions.
 - £7.3m in the ongoing construction of the Coal Orchard development.
 - £1.9m in the construction of the 2 industrial units at Seaway Way. Both units have been let and the project completed £104k under budget.
 - £1.2m on Firepool regeneration master planning and enabling works.
 - Grants passed to the Onion Collective of £2.3m towards the construction of the development scheme in Watchet. This project is fully funded by MHCLG (Coastal Communities Fund) and other third party grant funding for which SWT is the accountable body.
 - Repairs to Watchet splashpoint coastal defence of £668k, completed £137k under budget; and
 - Blue Anchor coastal defence work of £445k, funded by the Environment Agency, which SWT is responsible for as the Coastal Protection Authority.
- 16.4 The projects which no longer require budget relate to three approved loan facilities made available to third parties in delivering schemes complementary to the Council's priorities and objectives. The potential borrowers have all confirmed they do not now require these loans from the Council:
- A potential £5m loan facility to Great Western Railway as an element in the Taunton Station re-development
 - A loan facility of up to £1.5m to the Onion Collective to fund the Watchet East Quay development
 - The loan facility to the Leisure provider of up to £1m.

17 Housing Revenue Account (HRA)

- 17.1 The HRA is a ring-fenced account used to manage the Council's housing stock of approximately 5,700 properties, with the Council acting as the Landlord. The HRA operates as a 'self-financing' service, with costs of the properties and associated services funded by housing rents and specific fees and charges. The HRA is working within a 30 year business plan, reflecting the long-term nature of the housing assets, and plans to break-even each year.
- 17.2 **Revenue Outturn Position:** The revenue outturn position for the financial year 2020/21 for the HRA is a net overspend of £15k (0.06% of gross income). The end of year position is closer to budget compared to the £247k underspend forecast at Q3. Table 14 below shows a high level summary of the revenue outturn against budget.

Table 14: HRA Revenue Outturn Summary

	Budget	Outturn	Variance	
	£000	£000	£000	%
Gross Income	-26,773	-26,919	-147	0.5%
Service Expenditure	15,027	15,569	543	2.0%
Other Operating Costs and Income	9,925	9,544	-381	-1.4%
Unearmarked Reserve Transfers	0	0	0	0.0%
Capital Financing and Debt Repayment	1,821	1,821	0	0.0%
Total	0	15	15	0.1%

17.3 The department variances to budget are shown in Table 15, with explanations for the variances set out below.

Table 15: Main Outturn Variances

	Budget	Actuals	Variance
	£000	£000	£000
Gross Income:			
Dwelling Rents	-24,225	-24,278	-53
Non-Dwelling Rents	-719	-708	11
Charges for Services / Facilities	-1,457	-1,562	-104
Other Income	-371	-371	0
Sub-Total Gross Income	-26,772	-26,919	-147
Service Expenditure:			
Development & Regeneration	531	406	-125
Community Resilience	189	157	-32
Tenancy Management	1,999	2,378	379
Maintenance	3,813	3,709	-103
Assets	1,499	1,141	-357
Compliance	1,724	2,944	1,220
Performance	5,272	4,834	-438
Sub-Total Service Expenditure	15,027	15,569	543
Central Costs / Movement in Reserves:			
Revenue Contribution to Capital	0	0	0
Interest Payable	2,745	2,442	-302
Interest Receivable	0	-33	-33
Change in Provision for Bad Debt	180	-162	-342
Depreciation	7,000	7,297	296
Voluntary Repayment of Provision	1,821	1,821	0
Sub-Total Central Costs / Movement in Reserves:	11,745	11,365	-380
Net Surplus(-) / Deficit for the Year	0	15	15

Income

- 17.4 **Dwelling Rents:** the budgeted income for 2020/21 is £24.225m, which reflects an assumption of 1.25% void losses and applying a 52-week year. During the year tenants were invoiced £24.278m which exceeds the budget estimate by £53k (0.22%). Thus more income has been recovered than predicted when setting the budget and providing an allowance for voids.
- 17.5 **Charges for Services / Facilities:** The budgeted income for 2020/21 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 1.25% void loss and applying a 52 week year, is £1.283m. Thus £76k more income has been recovered than predicted when setting the budget and providing an allowance for voids.
- 17.6 The Service Charge Income for Leaseholders income for non-scheme holders is invoiced in arrears and therefore the actual income received relates to expenses incurred in the previous financial year. The budget was estimated at £164k. There was an over-recovery of income of £39k compared to budget, reflecting the total of actual costs recharged.

Expenditure

- 17.7 **Development & Regeneration:** The underspend relates to a few posts held vacant during 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 council moves into delivery increasingly from 2021/22.
- 17.8 **Community Resilience:** The underspend relates to some unbudgeted income for a One Team post and a general reduction in project expenditure on the One Team budgets due to COVID restricting activities.
- 17.9 **Tenancy Management:** There are several areas within this department that have underspent because of reduced activity due to COVID. This has in part offset the overspend which relates in part to (a) tenancy management staffing levels that have been activity maintained over and above establishment to support the transition to the new directorates operating structure and COVID activity, (b) increased council tax liabilities from properties held vacant for longer due to COVID restrictions and (c) one-off costs to bring additional temporary accommodation units back online to support the COVID accommodation needs.
- 17.10 **Maintenance:** The underspend relates to COVID lockdowns delaying works (e.g. responsive repairs and void repairs).
- 17.11 **Assets:** The underspend relates to COVID lockdowns delaying works (e.g. pre-planned maintenance and SAP EPC & Stock Validation) as well as staffing costs where a post was held vacant during the year.
- 17.12 **Compliance:** The overspend is due to accelerated programmes of compliance activity (e.g. additional electrical testing and required repairs, and asbestos related works) as well as additional staffing costs within the gas team and electrical team.

17.13 **Performance:** The net underspend is a combination of: (a) reduced activity during the year due to COVID restrictions for both Tenant Empowerment and the Tenants Action Group, (b) an overspend due to higher agency costs for a period of time during the transition to new Directorate structure, (c) an underspend for the creation of a new performance team and the time taken to recruit to the positions, (d) an underspend on shared support staff, (e) an underspend on the overtime budget offsetting pressures across the service, and (f) an underspend on insurance premiums where the impact of the renegotiated contract that resulted in savings across the authority that were not reflected in the budgets for 2020/21 due to timings.

Central Costs and Movement in Reserves

17.14 **Interest Payable:** there is an underspend of £335k on interest payable as the HRA has taken out £30m of fixed rate loans during the year thus securing cheaper sources of debt, reducing internal borrowing.

17.15 **Interest Receivable:** a combination of new fixed borrowing and COVID reducing capex during the year this has resulted in investments exceeding capital financing requirements. Therefore £33k of interest receivable was gained during the year.

17.16 **Bad Debt Provision:** There is an underspend of £342k for the change in expected credit losses (bad debt impairment) for the year end. The total outstanding debt for dwelling rents, service charges and garage rents has reduced by £97k year on year (£672k 20/21; £769k 19/20). The reason for the underspend is a significantly reduced expected credit loss as a result of the Rent Recovery Team changing their approach, with more direct support to tenants realising a significant reduction in older debts.

17.17 **Depreciation:** Depreciation is transferred to the Major Repairs Reserve (MRR) and must be used to fund the capital programme and/or repay capital debt. Depreciation is calculated at the end of the financial year and is based on each of the major components of each property e.g. kitchen, bathroom, roof, etc. For 2020/21 the dwelling depreciation charge was £6.9m and the other land and buildings depreciation charge was £0.4m; a total of £7.3m against a budget of £7m which has resulted in an overspend of £0.3m compared to the original budget. The budget for next year has already been increased.

18 HRA Earmarked Reserves

18.1 The Council can set aside HRA funds for specific purposes to be used in future years. Table 13 below provides a summary of the HRA earmarked reserves and the movements during the year.

18.2 The balance as at 31 March 2021 committed to support spending in future years is £1.108m. The Social Housing Development Fund will be used to fund social housing development feasibility studies, stock appraisals and other asset management activities to progress the Directorate plan objectives. The remainder of the earmarked reserves have been specifically committed to be spent within the next three financial years.

Table 16: Balance of HRA Earmarked Reserves held at 31 March 2021

Description	Balance B/F £000	Transfer In £000	Transfer Out £000	Balance C/F £000
Employment and Skills Development	102	0	-102	0
Asbestos Surveys	102	0	-102	0
One Teams	37	0	-11	26
Social Housing Development Fund	1,232	0	-382	850
Contribution to Transformation	175	0	0	175
Lettings	0	57	0	57
Total	1,648	57	-597	1,108

19 HRA Unearmarked Reserves

- 19.1 The recommended minimum balance for the HRA General Reserve balance is £1.8m. Remaining at or above these targets provides added financial resilience. Table 17 below summarises the movement on the HRA unearmarked reserves during 2020/21. The balance as at 31 March 2021 (subject to audit) is £2.6m, which is £0.8m above the recommended minimum balance of £1.8m.

Table 17: HRA Unearmarked Reserves Balance

	£000
Balance Brought Forward 1 April 2020	2,701
Approved In-Year Transfers	0
Provision Outturn 2020/21	-15
Balance Carried Forward 31 March 2021	2,686
Recommended Minimum Balance	1,800
Balance above recommended Minimum Operational Target	886

20 HRA Capital Outturn Position

- 20.1 The HRA approved Capital Programme for 2020/21 was £113.7m. This consisted of £15.8m of new schemes approved for 2020/21 plus £15.8m of slippage from prior years. In addition, £82.1m of supplementary budgets were approved by Full Council on the 7th July and 1st December 2020 for social housing development schemes to be delivered over several years and to be funded from RTB capital receipts and borrowing. The HRA Capital Programme relates to schemes which will be completed over the next ten years.
- 20.2 There was also £13.8m new budget approved by Full Council on 19th February 2021.
- 20.3 The Council is supporting the total investment through the use of the Major Repairs Reserve, Capital Receipts, Revenue Funding and Borrowing.
- 20.4 The actual spend on the HRA Capital Programme during 2020/21 was £9.1m. The major areas of capital spend during the year related to the capital maintenance for the existing housing stock and the development and acquisition of new stock.
- 20.5 A budget return of £230k for Aids and Adaptations and DFGs relates to a number of factors resulting in a recognition that the annual budget can be profiled lower for future years and that the underspend does not need to be carried forward. A budget

return of £500 for The Outer Circle scheme which has completed under budget. The HRA Capital Programme and outturn for the year is included in Appendix D.

21 HRA Right To Buy (RTB) Capital Receipts

- 21.1 The RTB scheme is a government scheme that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. During 2020/21 the Council sold 34 homes through the RTB Scheme.
- 21.2 Through a “1-4-1 Agreement” with the Treasury / MHCLG, the Council can retain a small proportion of these RTB receipts and use them to fund new social housing. These receipts can only account for up to 30% spend on new social housing costs, with the remaining 70% coming from other funds such as revenue funding or borrowing. During the year the Government awarded a temporary amendment to the Retention Agreement which meant that, due to COVID, the Council was given until the 31st March 2021 to spend their receipts within the year.
- 21.3 From 1st April 2021 the Government has issued a policy change increasing allowable spend to 40% (from 30%) on new build development and extending the timeframe within which receipt must be spent to five years (from three years).
- 21.4 These receipts must be spent within three years of the capital receipt or returned to Government with interest at 4% over base rate from the date of the original receipt. To date, the Council has successfully spent all of their retained 1-4-1 receipts with no returns being made to the Treasury / MHCLG.
- 21.5 During the financial year 2020/21 the total attributable spend on eligible RTB schemes was £4.336m. This was a combination of the Council’s own new build development works plus 7 new build acquisitions at Pyrland Fields in Taunton and 8 buybacks (re-purchase of previously sold properties).

22 Links to Corporate Strategy

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

23 Corporate Scrutiny Comments / Recommendation(s)

- 23.1 To be updated following Corporate Scrutiny Committee on 7 July.

Democratic Path:

- **Corporate Scrutiny – 7 July 2021**
- **Executive – 21 July 2021**
- **Full Council – No**

Reporting Frequency: Annually

List of Appendices

Appendix A	GF Requested Carry Forwards
Appendix B	GF Earmarked Reserves
Appendix C	GF Capital Outturn 2020/21

Appendix D	HRA Capital Outturn 2020/21
Appendix E	Capital Budget
Appendix F	GF Original v Current Budget Position
Appendix G	Confidential Capital Appendix

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Appendix A: List of Approved Carry Forwards

[* note three require Executive approval]

Request Title	Amount Requested £	Notes
Total Carry Forward	2,079,300	
Development & Place:	290,750	
Land Charges System Update West Somerset	15,000	Service software migration has been delayed due to complexities in converting data.
Phosphates	125,000	The budget virement was approved in March 21 to be spent on the delivery of the wetland creation to cover the costs of a Programme Manager and Project Manager on a fixed term contract.
Planning Guarantee Refunds	91,750	There are several planning guarantees that are due or nearly due to be refunded. The service is working through and discussing extensions with those eligible.
Strategy & Policy	59,000	This budget is required to fund consultancy costs to (a) develop key evidence base for the Local Plan that was delayed due to uncertainty surrounding the Government's consultation on calculating housing requirements for Local Plans and (b) undertake Sustainability Appraisal work that was held back due to the delays on the SWT Local Plan timetable due to staff being diverted to other key Council priorities and COVID.
External Operations & Climate Change:	1,052,390	
Air Source - Market House	14,250	For the installation of energy efficient heating in the Market House that was delayed due to procurement processes and seeking listed building consent.
*Climate Change (CNCR Budget)	427,060	A budget of £500k and the principle of any under spend to be carried forward was approved at FC 26.10.20.
Footpath Maintenance	140,000	There is currently no budget for the repair and maintenance of footpaths in council parks. There is increasing pressure for this work to be undertaken before it becomes a H&S issue. This budget will be used to address this.
Bin-Infrastructure Grant Scheme	40,000	The council has been successful in its application for funding under the Resource Action Fund: "Bin-Infrastructure Grant Scheme" (Wrap). This budget is required to support this project. It is planned that the grant, 20-21 and 21-22 budget will be used to create a large replacement programme for litter and dog bins which will promote recycling on the go.
Operation Clean Sweep	35,000	To fund the corporate project Operation Clean Sweep.
Seagull Culling Programme	15,000	This will be used to deliver the Seagull Culling Programme, approved by the Executive, during 2021-22. The delivery of this programme during the 2020/21 season was missed due to COVID. The council will now need to reapply for a licence and employ a contractor in 21-22.
Food Hygiene Inspections	50,000	Due to the demands of COVID-19 work and staff vacancies, officers have been unable to meet the required food hygiene inspections. It is therefore proposed to use this salary underspend to employ agency / a contractor to meet the required inspections.

Request Title	Amount Requested £	Notes
*Leisure Maintenance	192,880	This underspent budget will be carried forward and used to fulfil the maintenance and contract commitments in leisure centres that were delayed in 2020-21 due to COVID-19.
Parish & Community Trees	7,000	SWT agreed to provide financial backing as part of the Friends Groups bid to SCC Climate Change Fund. The bid was successful, but the decision delayed by SCC. This has now been confirmed as successful, so funds need to be carried forwards to purchase hedging for the project.
Parking	100,000	This underspent budget will be carried forward to fulfil maintenance commitments which were delayed due to COVID-19.
S106 Lapsed Agreements	31,200	The timing on legacy S106 agreements have lapsed and have been paid back to the developer. The council may still honour these S106 agreements by way of a goodwill gesture.
Housing & Communities:	320,000	
*Homelessness	320,000	COVID has created a 'wave' effect for homelessness demand with a trough in 2020/21 but a 'tsunami' expected for 2021/22 once furlough ends; courts process S21 notice evictions; relationship breakdowns happen (e.g. caused by domestic abuse during lock downs) and sofa surfers move on. Another significant cost will be the need to cover shortfalls in income at Canonsgrove when we begin the decant to new accommodation. Fixed costs will continue, and we have committed to cover shortfalls to the YMCADG so that they break even. Forecasts for these shortfalls are being developed but could be 6 figure sums.
Internal Operations:	416,160	
Council Tax Support (Benefits)	53,740	This team still operates two systems since the creation of the new council. This budget will be used to migrate to one (more efficient and enhanced) operating platform with costs including consultancy costs, system health check and backfilling officer time seconded to the migration project.
Business Intelligence Capacity	32,560	The BI team are inundated with essential data requests, both for business as usual and for significant additional work. Additional funding has been identified for a new post from July. The carry forward request will help fund a three month secondment from April to July to help manage the workload.
Postage	10,000	An external provider was used to manage the organisation's outgoing mail during the COVID pandemic. This solution is more expensive than managing the mail in house. This budget will be used to cover any continued increase in costs in continuing the current arrangements and any implementation of alternative systems.
Goodland Gardens Electrics	30,000	Events have been highlighted as a key part of the bounce back programme to assist with the rejuvenating of town centres and businesses post COVID-19 Pandemic. Goodland Gardens is a popular event space and works are required to improve the electrical infrastructure at this site.

Request Title	Amount Requested £	Notes
Service Improvement & Efficiency - Programme BA Resource	110,000	This budget will be used to fund a senior business analyst resource to work alongside and coach the inhouse business analysts in the delivery of the service improvement and efficiency / Digital Innovation Programmes analysis needs through 21/22. Without the additional resource efficiency projects and projects supporting multiple directorates, such as GIS and Open Contractor, will not be able to proceed at this time.
Income Team Resource	24,180	To help fund temporary resourcing to tackle the backlog of Council Tax and Business Rate arrears cases awaiting enforcement. This situation has been exacerbated by our inability to take enforcement action over the previous 12 months as a result of COVID. We will shortly also have to contend with the implementation of the new Breathing Space legislation, which is likely to be resource intensive.
Microsoft 365 Project	27,760	The Microsoft 365 platform delivery was due to be completed by 31/3/21 but has over run into April/May 2021 due to the impact of COVID. SWT does not have the internal skill sets required for technical system configuration and implementation, so we are reliant upon external help. This carry forward allows us to fund an external contractor to complete the work.
Information Management Project	70,360	A project has been underway for the last 18 months to ensure data compliance and to move the authority's unstructured data to SharePoint on-line. This work has taken much longer than expected due to the impact of COVID-19. This budget will fund the external resources required to complete this project and provide mentoring to the new Information Governance post for their first 6 months in post.
Infrastructure Project	11,420	A project has been underway to replace ageing ICT infrastructure. This has required additional external technical resources to assist the internal team. The project is coming to an end but will continue into the first quarter of 2021/22 and therefore the current project underspend is required to continue funding external infrastructure engineers until completion of the project.
Internal Change Resources	46,140	The underspend is being used to fund a contract Firmstep form builder who is clearing a backlog of Firmstep form requests that has developed whilst resources have been directed to COVID-19 grant work and other priority work. A longer-term plan is being developed to address how Firmstep form building will be resourced and this temporary contract resource is needed until a permanent solution is found.

Appendix B: Summary of Movement in Earmarked Reserves 2020/21

	Balance B/F	Transfers To Reserves	Transfers From Reserves	Balance C/F
	£'000	£'000	£'000	£'000
Business Rates Holiday S31 Grant	0	-11,695	0	-11,695
Business Rates Retention Volatility	-3,303	-3,123	1,052	-5,375
Investment Risk Reserve	-3,500	-173	0	-3,673
Business Rates Losses S31 Grant	0	-3,081	0	-3,081
Budget Volatility & Risk res	0	-2,400	0	-2,400
General Carry Forwards	-61	-2,108	58	-2,112
Garden Town Fund	-814	-405	349	-870
Ec Dev Initiatives (BRR Pool Gain)	-1,268	-500	999	-769
Asset Management - General	0	-687	0	-687
Community Housing Fund (SHLAA) – DCLG monies	-569	0	36	-533
New Homes Bonus	-6,860	-2,853	9,521	-193
Other	-4,212	-1,105	2,862	-2,456
TOTAL	-20,586	-28,132	14,875	-33,844

Note: the net movement in reserves is £13.257. This is different to table 1 net movement in reserves of £105.01m as £2.304m of the transfers to / from Earmarked reserves are undertaken within services.

Appendix C: General Fund Capital Outturn Position 2020/21

General Fund Capital Programme Summary

Directorate / Group of Schemes	Total Budget 2020/21 £	Actual Capital Outturn 2020/21 £	Budget Under (-)/ Overspend on Completed Projects £	Underspend: Budget no longer required £	Total Budget C/F to Future Years (Ongoing Projects) £
Development & Place	88,164,251	54,942,642	-133,466	-5,000,000	28,088,143
External Operations	13,497,374	3,777,903	-232,745	-2,500,000	6,986,727
Internal Operations	2,005,500	490,008	-422		1,515,070
Housing - General Fund	5,207,525	1,102,539	5,437		4,110,423
Hinkley funded projects	1,923,003	1,339,673	273,544		856,875
External Ops - CIL Funded Grants	830,145	830,145			0
S106 funded projects	850,085	850,085			0
Total General Fund Capital Expenditure	112,477,883	63,332,996	-87,651	-7,500,000	41,557,237

General Fund Capital Programme Detail

Directorate/Group of Schemes	Total Budget 2020/21 £	Actual Capital Outturn 2020/21 £	Budget under (-) /over spend on completed projects £	Underspend re schemes where Budget no longer required £	Total budget c/f to future years (ongoing projects) £
Investment Properties	50,000,000	44,069,751			5,930,249
Taunton Bus Station	77,068	27,386			49,682
Coal Orchard Construction	10,057,527	7,334,574			2,722,953
Coal Orchard Devcosts	293,097	14,775			278,322
Major Transport Schemes	580,000	0			580,000
Emp Site Enabling Innova	100,000	0			100,000
Superfast Broadband (Legacy TD)	380,000	0			380,000
Superfast Broadband (Legacy WSC)	170,000	0			170,000
Steam Coast Trail	102,186	0			102,186
Seaward Way	2,056,314	1,859,952	(104,162)		92,200
Firepool Development	475,895	0			475,895
Firepool Master Planning	2,989,245	1,158,140			1,831,104
Great Western Railway Development Loan	5,000,000	0		(5,000,000)	
J25 Improvement Scheme Contribution	1,500,000	0			1,500,000
Flooding Alleviation	6,000,000	0			6,000,000
CIL - Cycle & Pedestrian Improvements	500,000	0			500,000
CIL - Education Provision	4,000,000	0			4,000,000
CIL - Town centre regeneration	500,000	96,108			403,892
Heritage at Risk	428,420	382,883			45,537
Taunton Tech. Park	0	10,463	10,463		
GF C Firepool Land Assembly	0	(379)	(379)		
GF C Parking & Access & Signag	0	(39,386)	(39,386)		
Regeneration Projects	2,954,500	28,377			2,926,123
Total Development & Place	88,164,251	54,942,642	(133,466)	(5,000,000)	28,088,143

Appendix C: General Fund Capital Outturn Position 2020/21
General Fund Capital Programme Detail (continued)

	Total Budget 2020/21	Actual Capital Outturn 2020/21	Budget under (-) /over spend on completed projects	Underspend re schemes where Budget no longer required	Total budget c/f to future years (ongoing projects)
Directorate/Group of Schemes	£	£	£	£	£
General Fund Vehicles Acquisition	152,000	33,584	(118,416)		
Waste Containers	100,000	101,500	1,500		
Grants to Parishes Play	15,000	0			15,000
Replacement Play Equipme	64,000	0			64,000
SWP Waste Vehicle Loan	497,618	0			497,618
SWP Waste Container (Recycle More)	377,177	52,569			324,608
General Fund Plant	23,000	22,882	(119)		
Waiting Room	30,000	42,138	12,138		
Watchet East Quay Development Loan (OC)	1,500,000	0		(1,500,000)	
Watchet East Quay Development CCF Grant (OC)	3,789,053	2,338,966			1,450,087
Cuckoo Meadow Play Area	1,103	0	(1,103)		
Minehead Esplande	15,147	0			15,147
Leisure	1,000,000	0		(1,000,000)	
Watchet Splashpoint Hole	804,096	667,570	(136,526)		
Wellington Air Handling Unit	253,000	960			252,040
East Quay Wall	740,000	0			740,000
Blue Anchor Coast Defence Work	435,000	444,777	9,777		0
Blue Anchor Coast Protection	3,550,000	21,774			3,528,226
Car Parks Capital Improvements	100,000	0			100,000
Land at Cotford St Luke	51,180	51,184	4		0
Total External Operations	13,497,374	3,777,903	(232,745)	(2,500,000)	6,986,727
Internal Operations: Alison North					
Members IT Equipment	4,000	0			4,000
Community Alarms	25,000	24,578	(422)		
IT Server Refresh	20,000	0			20,000
Resources for Change Programme	571,360	332,958			238,402
Finance System	76,770	62,563			14,207
SIP	353,700	42,882			310,818
PC Refresh Project	46,500	27,027			19,473
Microsoft 365 Migration	132,170	0			132,170
Capital loan	776,000	0			776,000
Total Internal Operations	2,005,500	490,008	(422)	0	1,515,070

Appendix C: General Fund Capital Outturn Position 2020/21

General Fund Capital Programme Detail (continued)

	Total Budget 2020/21	Actual Capital Outturn 2020/21	Budget under (-) /over spend on completed projects	Underspend re schemes where Budget no longer required	Total budget c/f to future years (ongoing projects)
Directorate/Group of Schemes	£	£	£	£	£
Grants to Registered Social Landlords	1,445,381	604,253			841,128
Gypsy Site	108,502	0			108,502
Disabled Facilities Grant (DFG)	2,653,642	492,849			2,160,793
Open Assets Implementation	0	5,437	5,437		
North Taunton Equity loans	1,000,000				1,000,000
Total Housing	5,207,525	1,102,539	5,437	0	4,110,423
Hinkley Funded Projects : Dawn Adey					
Westfield Street Café	3,000	0	(3,000)		
South B/W & North Petherton	250,500	0			250,500
Bridgwater Town Centre Sup	54,278	0			54,278
Holford Village hall	76,092	0			76,092
Minehead TC - Changing Rm	18,237	18,237			
Watchet Bowling	150,000	51,995			98,005
Williton Shooting Club	23,000	0			23,000
Cheddar PC	320,000	255,000			65,000
Burnham on Sea & Highbridge Council	300,000	100,000			200,000
Empty Homes & Living over the Shop	90,000	0			90,000
Stogursey Victory Hall	637,896	914,440	276,544		0
Hinkley Total	1,923,003	1,339,673	273,544	0	856,875
External Ops: CIL Grant	830,145	830,145			
Section 106: Various projects	850,085	850,085			
Total General Fund Capital Expenditure	112,477,883	63,332,996	(87,651)	(7,500,000)	41,557,237

Appendix D: HRA Capital Outturn Position 2020/21

HRA Capital Scheme	Revised Budget for 2020-21	Actual Capital Outturn 2020/21	Budget under (-) /over spend on completed projects	Budget not required	Total budget c/f to future years (ongoing projects)
	£	£	£	£	£
Major Works	8,353,300	2,744,638		-	5,479,178
Fire Safety	2,150,000	596,033		-	1,553,967
Related Assets	100,000	98,872		-	1,128
Exceptional & Extensive	350,000	283,642		-	66,358
Vehicles	347,800	-		-	347,800
IT Programme	855,110	238,996	129,484	-	616,114
Aids & Adaptations & DFGs	629,090	398,824		230,266	-
Social Housing Development	100,988,490	4,784,946		500	96,203,044
Total Investment	113,773,790	9,145,951	129,484	230,766	104,267,589

Appendix E: Information: Capital Programmes Budget 2021/22 to 2025/26

General Fund Capital Programme Summary

	20/21 Carried forward £	Approved Budget 2021/22 £	Approved Budget future years £	Total Budget 21/22 and future years £
Development & Place	28,088,143	65,865,902	46,702,675	140,656,720
External Operations	6,986,727	1,735,360	532,360	9,254,447
Internal Operations	1,515,070	210,000	305,000	2,030,070
Housing - General Fund	4,110,423	896,621	896,621	5,903,665
Hinkley funded projects	856,875	0	0	856,875
External Ops - CIL Funded Grants (TBD)	0	0	0	0
S106 funded projects (TBD)	0	0	0	0
Total General Fund Capital Expenditure Budget	41,557,237	68,707,883	48,436,656	158,701,776

General Fund Capital Programme Detail

	20/21 Carried forward £	Approved Budget 21/22 £	Approved Budget future years £	Total Budget 21/22 and future years £
Development & Place: Dawn Adey				
Investment Properties	5,930,249	50,000,000		55,930,249
Taunton Bus Station	49,682			49,682
Coal Orchard Construction	2,722,953			2,722,953
Coal Orchard Devcosts	278,322			278,322
Major Transport Schemes	580,000			580,000
Emp Site Enabling Innova	100,000			100,000
Superfast Broadband (Legacy TD)	380,000			380,000
Superfast Broadband (Legacy WSC)	170,000			170,000
Steam Coast Trail	102,186			102,186
Seaward Way	92,200			92,200
Firepool Development	475,895			475,895
Firepool Master Planning	1,831,104			1,831,104
J25 Improvement Scheme Contribution	1,500,000			1,500,000
Flooding Alleviation	6,000,000			6,000,000
CIL - Cycle & Pedestrian Improvements	500,000		1,000,000	1,500,000
CIL - Education Provision	4,000,000			4,000,000
CIL - Town centre regeneration	403,892	1,000,000		1,403,892
CIL – Community Development	0		500,000	500,000
Heritage at Risk	45,537			45,537
Regeneration Projects (Confidential App F)	2,926,123	14,590,902	44,902,674	62,419,699
Employment Land Schemes		275,000	300,000	575,000
Total Development & Place	28,088,143	65,865,902	46,702,674	140,656,719

Appendix E: Information: Capital Programmes Budget 2021/22 to 2025/26

General Fund Capital Programme Detail (Continued)

	20/21 Carried forward	Approved Budget 21/22	Approved Budget future years	Total Budget 21/22 and future years
	£	£	£	£
External Operations: Andrew Pritchard				
General Fund Vehicles Acquisition		252,000	152,000	404,000
Waste Containers		100,000	100,000	200,000
Grants to Parishes Play	15,000	15,000	15,000	45,000
Replacement Play Equipment	64,000	64,000	20,000	148,000
SWP Waste Vehicle Loan	497,618			497,618
SWP Waste Container (Recycle More)	324,608			324,608
General Fund Plant		23,000	23,000	46,000
Watchet East Quay Development CCF Grant (OC)	1,450,087			1,450,087
Minehead Esplanade	15,147			15,147
Wellington Air Handling Unit	252,040			252,040
East Quay Wall	740,000			740,000
Rewire and lighting replacement - Orchard Car Park		150,000		150,000
Blue Anchor Coast Protection	3,528,226			3,528,226
Compliance for Assets	0	382,360	222,360	604,720
Car Parks Capital Improvements	100,000	709,000		809,000
New Boiler - Crematorium	0	20,000		20,000
Wellington Park Lodge	0	20,000		20,000
Total External Operations	6,986,727	1,735,360	532,360	9,254,447
Internal Operations: Alison North				
Members IT Equipment	4,000			4,000
Community Alarms		25,000	25,000	50,000
IT Server Refresh	20,000			20,000
Resources for Change Programme	238,402	95,000		333,402
Finance System	14,207			14,207
SIP	310,818			310,818
PC Refresh Project	19,473	90,000	280,000	389,473
Microsoft 365 Migration	132,170			132,170
Capital Loan (Confidential App F)	776,000			776,000
Total Internal Operations	1,515,070	210,000	305,000	2,030,070
Housing: James Barrah				
Grants to Registered Social Landlords	841,128			841,128
Gypsy Site	108,502			108,502
Disabled Facilities Grant (DFG)	2,160,793	400,000	400,000	2,960,793
Energy Efficiency Grants		91,000	91,000	182,000
Home Maintenance		160,000	160,000	320,000
Prevention Grants		245,621	245,621	491,242
North Taunton Equity loans	1,000,000			1,000,000
Total Housing	4,110,423	896,621	896,621	5,903,665

Appendix E: Information: Capital Programmes Budget 2021/22 to 2025/26

General Fund Capital Programme Detail (Continued)

	20/21 Carried forward	Approved Budget 21/22	Approved Budget future years	Total Budget 21/22 and future years
	£	£	£	£
Hinkley Funded Projects : Dawn Adey				
South B/W & North Petherton	250,500			250,500
Bridgwater Town Centre Sup	54,278			54,278
Holford Village Hall	76,092			76,092
Watchet Bowling	98,005			98,005
Williton Shooting Club	23,000			23,000
Cheddar PC	65,000			65,000
Burnham on Sea & Highbridge Council	200,000			200,000
Empty Homes & Living over the Shop	90,000			90,000
Hinkley Total	856,875	0	0	856,875
External Operations: CIL Grant	0	0	0	0
S106 funded projects	0	0	0	0
General Fund Total	41,557,237	68,707,883	48,436,655	158,701,775

Housing Revenue Account Capital Programme

	20/21 Carried Forward	Approved Budget 21/22	Approved Budget Future Years	Total Budget 21/22 and future Years
	£	£	£	£
Housing Revenue Account: James Barrah				
Major Works and Improvements	8,064,545	9,970,000		18,034,545
Social Housing Development Schemes & Major projects (Confidential App F)	96,203,044	3,830,000		100,033,044
HRA Total	104,267,589	13,800,000	-	118,067,589

Note:

This HRA budget reflects the CIT Strategies for the period of the Medium Term Financial Strategy 2021-26 for future years. This enables capital programme delivery to be monitored for progress within and across years.

The approved budget rolled forward includes all Social Housing Development schemes approved for their duration plus one year of major works and improvements.

Appendix F: General Fund Budget Movement for 2020/21 per Cost Centre

Cost Centre	Cost Centre Name	Original Budget £	Approved Changes £	Current Budget £
GENERAL FUND REVENUE ACCOUNT				
Development & Place				
CC000G	Major and Special Projects	481,490	-5,550	475,940
PG009G	Growth Programme	68,400	125,000	193,400
PG011G	Regeneration & Infrastructure	1,190	0	1,190
RG000G	CIC - Staffing Costs	-792,140	740,170	-51,970
SG100G	Hinkley	0	-32,500	-32,500
SE008G	Conservation & Listed Build	68,160	0	68,160
SE033G	Local Land Charges	-92,640	60,000	-32,640
SE036G	Planning Applications	266,590	-26,230	240,360
SE038G	Planning Applications & Advice	-84,820	0	-84,820
SE045G	Sports Develop & Community	50,490	0	50,490
SG005G	Indoor Sports & Recreation	-7,690	0	-7,690
FD000G	Strategy and Policy	412,770	10,140	422,910
RD000G	Strategy - Staffing Costs	-53,490	8,490	-45,000
SD002G	Garden Town	117,830	-28,870	88,960
PG007G	Taunton BID	15,000	0	15,000
SE011G	Culture & The Arts	202,680	0	202,680
SE015G	Economic Development	586,260	-23,345	562,915
		1,240,080	827,305	2,067,385
External Operations & Climate Change				
SG004G	Central Service Overheads	297,940	-242,990	54,950
SG006G	Facilities Management	210,900	1,000	211,900
SE016G	Dog Warden Service	34,670	0	34,670
SE017G	Public Health	664,460	-105,700	558,760
SE021G	Food Safety	14,310	0	14,310
SE032G	Licensing	32,950	12,000	44,950
SE039G	Pollution Control	-7,210	0	-7,210
SE040G	Private Sector Housing	277,290	33,360	310,650
SE043G	Taxi Licensing	-73,610	40,000	-33,610
SE046G	Welfare Funerals	2,000	0	2,000
FF000G	Localities - Operational Costs	217,400	-17,370	200,030
SF001G	Grounds Maintenance	-2,137,870	77,110	-2,060,760
SF004G	Community Parks & Open Spaces	3,313,640	19,000	3,332,640
SF010G	Operation Clean Sweep	40,000	0	40,000
RF000G	Localities - Staffing Costs	495,190	-495,190	0
CC001G	Leisure Partnership	800,800	667,000	1,467,800
CC002G	Building Control Partnership	65,470	0	65,470
CC003G	Street Cleaning Partnership	1,197,110	0	1,197,110
CC005G	Park & Ride Contribution	230,000	0	230,000
CC006G	Parking Partnership	-3,973,400	4,159,000	185,600
CC007G	Waste Partnership	4,308,200	830,000	5,138,200
CC009G	Major Contracts	239,350	0	239,350
SE005G	Community Infrastructure Levy	-57,000	0	-57,000
SF002G	Bereavement Services	-670,770	184,000	-486,770

SG003G	Asset Management	648,740	-98,850	549,890
SG008G	Deane House	545,800	0	545,800
SG009G	Westpark	133,270	0	133,270
SG010G	Roughmoor Depot	-34,520	0	-34,520
SG011G	Brunel Way Depot	35,640	0	35,640
SG012G	West Somerset House	85,620	0	85,620
SG013G	Roughmoor Enterprise Centre	-71,470	88,000	16,530
SG014G	Barnsclose Units	-7,100	10,850	3,750
SF005G	Flood Defence & Land Drainage	380,580	-50,000	330,580
SF006G	Harbours	57,980	16,000	73,980
SF008G	Coast Protection	11,000	0	11,000
SC005G	Emergency Planning	30,880	68,340	99,220
SE035G	Planning Obligations	94,350	0	94,350
SD004G	Climate Change	152,160	517,160	669,320
		7,584,750	5,712,720	13,297,470

Housing & Communities

CC008G	Housing Partnership	145,080	50,000	195,080
HS003G	GF Corporate Property Team	335,410	151,470	486,880
HS023G	GF Housing Strategy Team	0	108,560	108,560
HS014G	GF Housing Enabling Team	0	138,780	138,780
SE022G	Housing Enabling	169,980	0	169,980
HS021G	GF Community Resilience	0	270,650	270,650
SC008G	Shopmobility	43,770	-10,000	33,770
SE007G	Community Safety	230,140	0	230,140
SF003G	Community Grants	248,870	10,000	258,870
SF020G	GF Community Chest Fund	0	250,000	250,000
HS015G	GF Homelessness Team	716,900	16,830	733,730
SE026G	Homelessness	546,880	-50,000	496,880
SE023G	Housing Options	48,400	0	48,400
SE027G	Rough Sleepers Initiative	161,580	-161,580	0
SE028G	Homefinder	10	-10	0
		2,647,020	774,700	3,421,720

Internal Operations

CC004G	SHAPE Legal Partnership	372,900	0	372,900
FB000G	Comms and Engage Oper Costs	191,580	-4,500	187,080
FC000G	Governance	420,530	0	420,530
FC001G	Strategy	294,050	-268,935	25,115
FE000G	People - HR	1,033,520	29,380	1,062,900
FH000G	Fin Tech & Change Operational	376,530	-376,530	0
PH001G	Transformation Program -Closed	-220,330	220,330	0
PH003G	Information Management	0	231,669	231,669
PH006G	SIP	0	186,900	186,900
PH007G	MS/0365	0	133,641	133,641
RB000G	Comms and Eng Staff costs	25,950	-25,950	0
RC000G	Performance & Governance Staff	131,200	-131,200	0
RE000G	Customer - Staffing Costs	502,370	-512,370	-10,000
RH000G	Internal Change	455,540	-189,430	266,110
SC001G	Register of Elections	20,060	0	20,060
SC002G	Conducting Elections	12,460	0	12,460
SC003G	Learning & Develop	303,740	0	303,740
SC004G	Members	476,750	3,000	479,750
SC006G	Internal Audit	118,960	0	118,960
SC007G	Non-Distributed Costs	463,880	1,400,080	1,863,960

SC009G	Corporate Management	104,520	-1,623,440	-1,518,920
SC012G	External Audit Fees	0	62,560	62,560
SE006G	Deane Helpline	821,550	-1,060,850	-239,300
SE009G	Council Tax Collection (rev)	96,140	376,250	472,390
SE010G	Council Tax Support (Benefits)	121,180	21,870	143,050
SE012G	Customer Contact Centre	-105,520	1,117,460	1,011,940
SE018G	Business Intelligence	217,350	54,480	271,830
SE019G	Digital Mailroom	58,650	0	58,650
SE020G	Operational Support	372,630	297,320	669,950
SE029G	Income Control and Sundry Debt	367,390	-27,160	340,230
SE030G	Visitor Centres	-22,840	40,000	17,160
SE041G	Rent Allowances	-113,320	0	-113,320
SE042G	Rent Rebates	-176,700	0	-176,700
SE048G	Universal Credit	-40,720	0	-40,720
SG007G	Health and Safety at Work	76,870	43,000	119,870
SH004G	Insurance	94,420	-35,000	59,420
SH001G	ICT Staff/Operations	1,087,460	-196,430	891,030
SH002G	ICT Communications	350,050	13,500	363,550
SH003G	ICT Systems	551,020	0	551,020
SH006G	ICT Infrastructure	0	290,690	290,690
SH012G	Finance	855,460	2,345	857,805
SH014G	Comms and Engagement	244,580	70,000	314,580
		9,939,860	142,680	10,082,540

Senior Management Team

RA000G	Strategic Board - Staffing Cst	74,370	-74,370	0
SM000G	Senior Management Team	-509,320	1,043,320	534,000
UN000G	Unitary	0	228,880	228,880
UN001G	Unitary - Phase 4	0	94,350	94,350
		-434,950	1,292,180	857,230

Other Operating Costs & Income

LL001G	Other Operating Expenditure	2,475,670	-29,240	2,446,430
LL002G	Financing/Invest Inc & Exp	-2,008,210	1,324,895	-683,315
LL003G	Tax & Non-Spec Grant Income	-23,497,710	-250,000	-23,747,710
LL007G	COVID General Grants	0	-5,352,000	-5,352,000
LL009G	Comm. Inv. Property	0	-440,000	-440,000
LL010G	Legacy Comm. Inv. Property	0	-507,100	-507,100
SC014G	Special Expenses	0	29,240	29,240
		-23,030,250	-5,224,205	-28,254,455

Transfer to/From Reserves

MM000G	GF MIRS	2,053,490	-3,525,380	-1,471,890
		2,053,490	-3,525,380	-1,471,890

GF Balance

0 0 0

Appendix F: Housing Revenue Account Budget Movement for 2020/21 per Cost Centre

Cost Centre	Cost Centre Name	Original Budget £	Virement £	Current Budget £
Housing Revenue Account (HRA)				
<u>Income</u>				
SF018H	HRA General Needs Income	-20,151,940	0	-20,151,940
SF038H	HRA Extra Care Income	-350,020	0	-350,020
SF039H	HRA Former Tenants Debts	0	0	0
SF045H	HRA Supp / Shelt Hsg Income	-3,570,920	0	-3,570,920
SF086H	HRA Temporary Acc Income	-152,060	0	-152,060
SF063H	HRA Garages Rent Income	-550,000	0	-550,000
SF064H	HRA Commercial / Shop Rent Inc	-144,500	0	-144,500
SF065H	HRA Land Income	-24,960	0	-24,960
SF028H	HRA Service Charges Income	-1,282,830	0	-1,282,830
SF078H	HRA Lease'h ChrgeforSrv Income	-163,700	0	-163,700
SF089H	HRA Meeting Halls Income	-10,700	0	-10,700
SF019H	HRA Right to Buy Income	-41,600	0	-41,600
SF029H	HRA PV Income	-110,000	0	-110,000
SF057H	HRA GF Cont to Grds Maint	-198,000	0	-198,000
SF027H	HRA Voids Rechargeable Income	-10,700	0	-10,700
SF079H	HRA Rechargeable Repairs Income	-10,700	0	-10,700
SF085H	HRA Other Income	0	0	0
		-26,772,630	0	-26,772,630
<u>Development & Regeneration</u>				
HS013H	HRA Hsg Dev & Reg Team	611,070	-79,770	531,300
		611,070	-79,770	531,300
<u>Housing Performance</u>				
HS001H	HRA Housing Mgt Team	4,237,340	-4,001,700	235,640
HS020H	HRA Housing Performance Team	306,570	0	306,570
SF016H	HRA Policy & Management	600,850	3,728,090	4,328,940
SF025H	HRA Tenants Forum	44,300	0	44,300
SF033H	HRA Tenants Empowerment	39,800	0	39,800
SF030H	HRA Insurance	87,550	0	87,550
SF040H	HRA Cont to CDC	0	229,000	229,000
		5,316,410	-44,610	5,271,800
<u>Community Resilience</u>				
HS022H	HRA Community Resilience	98,990	56,070	155,060

SF052H	HRA One Team Halcon	11,400	0	11,400
SF053H	HRA One Team North Taunton	11,400	0	11,400
SF054H	HRA One Team Wellington	56,070	-44,670	11,400
		189,260	0	189,260

Tenancy Management

HS016H	HRA Supported Housing Team	251,680	64,520	316,200
SF009H	HRA Meeting Halls Exp	92,400	0	92,400
SF022H	HRA Supp / Shelt Hsg Exp	357,400	-29,600	327,800
SF075H	HRA Extra Care Exp	61,000	22,300	83,300
SF024H	HRA Temporary Acc Exp	74,000	0	74,000
SF095H	HRA Tenancy Sustainment Sh Hsg	0	7,600	7,600
HS017H	HRA Lettings Team	144,080	0	144,080
SF008H	HRA Lettings	31,100	0	31,100
HS018H	HRA Tenancy Mgt Team	693,590	-244,720	448,870
SF002H	HRA Anti Social Behaviour	16,200	0	16,200
SF080H	HRA Transfer Removal Grants	37,900	0	37,900
SF081H	HRA Rentals on Property Exp	18,030	0	18,030
SF092H	HRA Tenancy Mgt	30,600	0	30,600
SF094H	HRA Tenancy Sustainmt Gen Need	30,600	-7,600	23,000
SF001H	HRA 12 Moorland Close	19,600	0	19,600
HS019H	HRA Rent Recovery Team	73,330	234,520	307,850
SF091H	HRA Arrears Mgt	20,500	0	20,500
		1,952,010	47,020	1,999,030

Repairs & Maintenance

HS005H	HRA Repair & Maint Mgt Team	416,710	45,370	462,080
HS006H	HRA Repair & Maint Trade Team	1,139,150	31,990	1,171,140
HS002H	HRA Voids Team	127,980	0	127,980
HS004H	HRA Stores Team	59,410	0	59,410
SF026H	HRA Voids - Major	626,200	-10,700	615,500
SF059H	HRA Void Redecoration	10,000	0	10,000
SF068H	HRA Voids - Rechargeable Works	0	10,700	10,700
SF006H	HRA Housing Repairs	547,000	0	547,000
SF043H	HRA Underground Drainage	10,000	0	10,000
SF077H	HRA Responsive Sewage	10,000	0	10,000
SF017H	HRA Rechargeable Works	10,700	0	10,700
SF005H	HRA Grounds Maintenance	778,000	0	778,000
		3,735,150	77,360	3,812,510

Assets

HS011H	HRA Housing Asset Team	285,800	97,730	383,530
HS012H	HRA Capital Investment Team	253,780	0	253,780
SE002H	HRA Housing Partnership	35,600	0	35,600
SF007H	HRA Langham Gardens	21,880	0	21,880
SF012H	HRA Northfield Gardens	33,730	0	33,730
SF031H	HRA Communal R&Maint	128,200	0	128,200
SF034H	HRA Communal Utilities	40,900	0	40,900
SF035H	HRA Leaseholder Mgt & Forum	1,500	0	1,500
SF004H	HRA Garage Maintenance	16,800	0	16,800

Somerset West and Taunton Council

Scrutiny Committee – 7 July 2021

Financial Strategy 2021/22 to 2022/23

This matter is the responsibility of Executive Councillor Ross Henley

Report Author: Paul Fitzgerald, Assistant Director – Finance (S151 Officer)

1 Executive Summary / Purpose of the Report

- 1.1 The Financial Strategy is presented for approval by the Executive. This sets out the approach and plans for ensuring the Council continues to operate in a financially sustainable way and allocates its resources in accordance with agreed priorities. The Strategy if agreed with underpin the ongoing management of the current year 2021/22 budget as well as the approach to developing the 2022/23 budget for approval by Council in February 2022.
- 1.2 The Council's services, costs and income last financial year were significantly impacted by the COVID pandemic, with major uncertainty and a frequently changing financial position. In such a dynamic and uncertain environment, financial forecasting and planning is extremely difficult, and the approach during the year necessarily adapted as the year progressed. The refresh of the financial strategy last year focused very much on managing the financial impact of COVID as well as supporting intervention and economic recovery.
- 1.3 Financial planning uncertainty remains, and this is reflected within the 2021/22 budget and reserves plan. The ongoing impact on services, costs and income will be carefully monitored during this year to assess reliability of current year baselines and budget forecast assumptions.
- 1.4 A further factor considered in the Financial Strategy is the prospect of a move to a new (one or two) unitary authority structure within Somerset from April 2023. The Secretary of State is expected to decide on the preferred option in the summer. This added uncertainty leads to a shorter-term focus in budget planning within this Strategy, with future corporate and service priorities, structural design, and related financial plans beyond 2022/23 likely to be undertaken through shadow/transitional governance arrangements.
- 1.5 The other major uncertainty reflected in the Strategy is future funding arrangements for local government. The previous Spending Review in 2020 only covered one year, and it is uncertain at this stage whether the 2021 Spending Review will cover a longer period, and how future funding of local government will be affected by the ongoing impact of COVID in the economy and local demand for services. Changes in funding mechanisms, such as the fair funding review and redesign of business rates retention and new homes bonus are also 'known unknowns' at this stage.
- 1.6 Given the level of uncertainty and likely structural change, this Strategy and updated

MTFP focus on 2021/22 and 2022/23 with an indicative forecast for 2023/24 based on continuation of existing district services.

2 Recommendations

- 2.1 The Executive approves the Financial Strategy 2021/21 to 2022/23.
- 2.2 The Executive recommends Council approves the revisions to the Budget and planned reserve transfers in 2021/22 as set out in Table 1 and Appendix A.

3 Risk Assessment

- 3.1 The Financial Strategy considers a wide range of financial risks, and these are explained within the detail of this report.

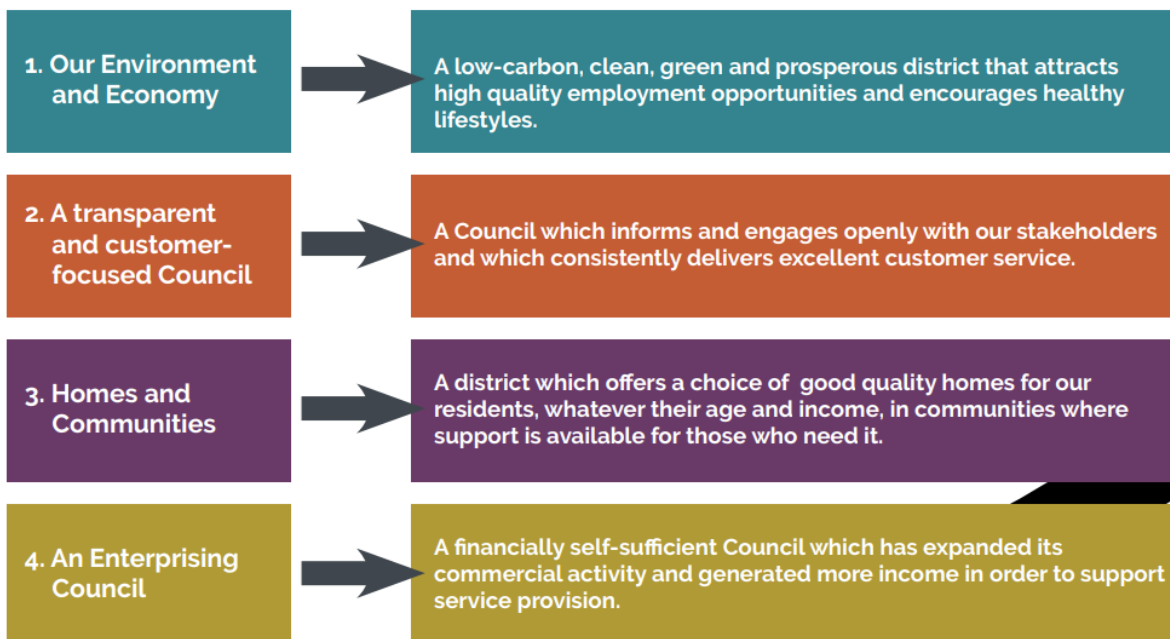
4 Links to Corporate Strategy

- 4.1 The financial strategy seeks to set out how the Council will respond to its financial challenges and how its resources are allocated to meet the Council's strategic priorities and objectives. Directly within theme 4 of the strategy, the aim is to maintain a financially self-sufficient Council which has expanded its commercial activity and generated more income to support service provision. This continues to be reflected in this Financial Strategy.

Our Priority Strategic Themes and Outcomes – 2020 to 2024

Our four strategic themes are:

The outcomes we want to deliver:



5 Financial Strategy Overview and 2022/23 Budget Approach

Context

- 5.1 The Financial Strategy sets out the approach to providing resources required to deliver the Council's priorities, and to ensuring services are financially sustainable. Financial planning continues to reflect the scale of risk and uncertainty both in terms of service related costs and income, and regarding projected funding through government grants, taxation and commercial investment. The Council has concentrated on stabilising and improving services following a period of change including the formation of the Council in 2019. Despite ongoing funding risk and uncertainty, the financial strategy has sought to minimise adverse impact on services through detailed work on aligning budgets with organisational design and accountabilities, pursuing commercial investment to generate additional income, and judicious use of reserves.
- 5.2 The last financial year 2020/21 was particularly challenging as the Council responded to the COVID pandemic, which resulted in rapid changes to service priorities. It also created added volatility and uncertainty in respect of costs and income. Overall, the Council incurred significant additional costs and income reductions, which were managed through a combination of emergency grant funding and use of the Council's own reserves. This has been reported through budget monitoring with more detail provided in the separate 2020/21 Financial Outturn report.
- 5.3 The Government has provided additional COVID-related funding in 2021/22 and a continuation of the compensation grant scheme mitigating approximately 70% of reductions in sales, fees and charges income for the first three months of the year. Despite the planned easing of COVID restrictions, there continues to be risk and uncertainty in 2021/22 and there could still be a long lasting impact of COVID both economically and in terms of service demand. Officers will continue to closely monitor service costs, income and funding to ensure risks are managed effectively.
- 5.4 Core funding from Government continues to be uncertain, and although general grant represents a small proportion of overall funding, total grant funding beyond 2021/22 is yet to be clarified. The last two Spending Reviews were for one year only with the next Spending Review due in 2021, which should set out the Government's priorities for local government. In addition, changes are expected in settlement funding, business rates retention and New Homes Bonus schemes, making it difficult to accurately predict future funding.
- 5.5 Hinkley Point B nuclear power station has a significant influence on the Council's funding, with the station providing almost 20% of the business rates tax base. Its rateable value (£20.72m) was reduced by some 90% for the majority of 2020/21 as the reactors were shut down for maintenance, however it has returned to its full value in early April 2021. A contingency is included in the 2021/22 budget to underwrite potential volatility during the year. EDF has announced that Hinkley B will be decommissioning by no later than July 2022, and the 2022/23 Business Rates Retention budget has been reduced to the Safety Net in anticipation, reducing annual funding by approximately £2m per year.
- 5.6 The Council has made good progress in building its commercial property investment portfolio during 2020/21 and is expected to complete total planned investment in 2021. This investment is on track to achieve its income target, providing essential funding for local services as other funding continues to decline.

- 5.7 It is well reported that the national economy experienced unprecedented decline during 2021 due to COVID and is showing signs of recovery in 2021 as restrictions are eased. Despite the economic challenges, our strategic treasury investment funds continue to deliver investment income broadly in line budget expectations although interest on short term cash funds is extremely low / zero. In addition, bank base rates and cost of borrowing remain low with short term borrowing costs very low too. This is projected to remain the case for some time, enabling projected borrowing costs to be reduced within the budget and MTFP.
- 5.8 The financial planning context is also now affected by the expected implementation of a unitary model of local government in Somerset, with a Secretary of State decision expected in early summer this year regarding the preferred structure; and the transitional governance arrangements that will be required prior to a new structure being implemented in April 2023. Two business cases for change have been submitted to Government – “One Somerset” and “Stronger Somerset”. This prospective change brings further uncertainty in the short term, with the service and financial priorities as well as detailed service design work to be undertaken in future through transitional arrangements. This context makes it difficult to plan for any significant change in service priorities and resources in the interim. It also signals the likelihood of significant implementation costs, albeit with longer term savings potential, which means it is prudent to plan SWTC’s use of resources and reserves with this in mind.
- 5.9 Somerset West and Taunton currently benefits from ongoing prudent financial management with adequate reserves and a measured balance sheet, which supports the proposed strategy set out below.

Approach

- 5.10 Given the context set out above the Council’s leadership proposes the following updated strategy for 2021/22 and 2022/23.
- Core spending and income assumptions will continue to be updated to reflect up to date information. A further review will be undertaken during the summer, including a reassessment of base budget requirements taking into account the 2020/21 outturn and budget monitoring in Q1/Q2 of 2021/22.
 - Continuing to challenge and manage spending on services with the potential to deliver reductions in net service costs, for example through improvement, efficiency and modernisation projects and robust procurement and contract management arrangements.
 - Protect funding for services in the short term to maintain service delivery and capacity to support structural change to local government in Somerset.
 - Optimising treasury costs through continued access to shorter term, low cost borrowing for the next 1-2 years.
 - Reinvesting investment surpluses and treasury savings to fund capital debt repayment, reducing ongoing debt costs where possible.
 - Utilising business rates volatility reserves and pooling gains to soften the impact of the expected fall in business rates retention funding to the Safety Net in 2022/23, when Hinkley B nuclear power station is decommissioned.
 - Using general reserves flexibility developed during the past two years to soften the underlying budget gap in the short term.
 - Maintain adequate contingencies and reserves to protect the Council’s ongoing

financial health and resilience to risk and uncertainty.

- 5.11 The Council set a balance budget for 2021/22 in February 2021. This included a planned allocation of £1.16m from general reserves to support the budget but also set aside significant contingencies and reserves to manage risk. As set out below, it is proposed to make a small number of changes to the 2021/22 budget through this report in respect of treasury costs, staff pay award and reserve transfers to support this updated strategy.
- 5.12 The updated MTFP (see section 6 below) includes an **estimated funding deficit (excluding reserve transfers) of £3.9m in 2022/23**. Table 1 sets out the proposed approach to mitigating the deficit and produce an indicative balanced budget in 2022/23. The MTFP and budget proposals will continue to be developed and refined through the year as estimates are updated for new information, therefore proposals and further options may be presented as the budget planning process progresses.

Table 1 – Draft Plans included in MTFP to Balance Budget in 2022/23

	2021/22 Budget £k	2022/23 Estimate £k
<i>Proposed revision to 2021/22 Budget:</i>		
Revised estimate – lower interest costs in 2021/22, through continued access to short term low cost debt to support commercial investment	-750	
Release funds from Business Rates reserve due to reduced risk	-1,250	
Transfer to Investment Financing Fund	2,000	
Investment Capital Debt repayment (MRP) reflecting 2020/21 outturn	80	
Investment Property Income increase in-year estimate	-80	
<i>Measures included in 2022/23 estimates within MTFP:</i>		
Planned use of general reserves to soften budget gap		-1,000
Transfer from Investment Financing Reserve to fund debt repayment		-2,000
Savings Target - modernisation, efficiency and improvement		-200
Proposed use of business rates reserves utilising historic pooling gains to maintain services and organisational capacity during transition to unitary structure.		-715

- 5.13 The inclusion of the above measures shows an early forecast of a potentially balanced budget in 2022/23, albeit **for one year only with use of £3.7m one-off funding**, as shown in the MTFP in section 7 below.
- 5.14 Utilising reserves to fund ongoing costs is **not financially sustainable in the long run**. This approach is regarded as prudent currently within the short term context of this strategy which protects services and capacity to support the transition to a unitary form of local government in Somerset up to March 2023. It is expected that further calls on reserves will be needed to fund unitary implementation costs however these are not currently built into the MTFP and are therefore currently unfunded.

6 Medium Term Financial Plan Estimates

- 6.1 The Medium Term Financial Plan (MTFP) was last set in February 2021 with the 2021/22 budget. The Council has set a balanced budget for 2021/22 with a forecast budget gap (deficit) of £3.5m in 2022/23. Assumptions and estimates have been updated since the February report, and indicative measures included in the plan to reduce the gap in 2022/23.
- 6.2 In view of the probable change in local government structure in Somerset from April 2023, the period covered by the MTFP is shorter within this report than in previous years with a focus on 2021/22 and 2022/23 for SWTC services, with an indicative forecast for 2023/24 costs based on a continuation of district council services in its current form for comparison.
- 6.3 Set out below is a summary of the updated MTFP. A reconciliation of the changes in the 2021/22 figures from the February 2021 budget report to this updated table is included in Appendix D.

Table 2 – General Fund Medium Term Financial Plan

	SWTC		New Unitary?
	2021/22 Revised Budget £k	2022/23 Estimate £k	2023/24 Indicative SWTC £k
Net Service Costs	21,020	21,934	21,916
Investment Properties Net Income*	-5,562	-7,157	-7,327
Capital Financing and Debt Repayment*	1,580	3,338	3,138
Interest Costs and Income*	323	416	1,169
Unparished Area Expenses	29	29	29
SRA Funding	98	98	99
Sub-total: Net Costs	17,488	18,658	19,024
Earmarked Reserves Transfers	2,415	-3,025	110
General Reserves Transfers	-1,160	-1,000	0
Net Expenditure	18,743	14,634	19,134
Business Rates Retention (BRR)	-6,182	-4,199	-4,281
BRR prior year surplus/deficit	12,556	1,331	1,331
Earmarked S31 Grant to offset BRR Deficit	-12,117	-999	-999
Business Rates Pooling Gain	-250	0	0
Revenue Support Grant	-6	-7	-7
Rural Services Delivery Grant	-253	-253	-253
LCTS Grant (COVID)	-225	0	0
Lower Tier Services Grant (COVID)	-996	0	0
New Homes Bonus	-1,743	-851	0
Council Tax (CT)	-9,490	-9,680	-9,971
CT Special Expenses	-29	-29	-29
CT prior year surplus/deficit	-8	53	53
Net Funding	-18,743	14,634	14,156
Budget Gap	0	0	4,979
Gap – Change on Previous Year	0	0	4,979

*To aid transparency and reporting, the cost of debt repayment and notional interest on investment properties is now included within total debt repayment and interest costs lines in the MTFP. This provides

clarity on the extent of investment income and capital debt costs included in the MTFP. This was previously netted off investment properties income in the February 2021 budget report.

7 Service Costs and Income

7.1 The projections above reflect current estimates and prudent financial planning proposals incorporated within the Plan. The main assumptions included in respect of net expenditure include:

- Baseline expenditure budgets will continue in 2022/23, but the Directors and their management teams will continue to review and refine to reflect up to date need and trends.
- Staff pay awards are estimated at 1.5% in 2021/22, then 2% per year from 2022/23.
- Inflation increases incorporated for major contracts plus utilities and insurances.
- Employers pension contributions and Pension Fund deficit recovery lump sum costs based on the 2019 actuarial valuation.
- Savings in the leisure and waste contracts are fully delivered, albeit with a slight delay in the waste savings through Recycle More due to COVID.
- Fees and charges increasing by an inflationary amount like 2021/22, delivering an additional £100k per year.
- Balance of commercial property investment fund (Total Fund £100m) is fully invested by mid-2021/22.

8 Savings Targets

8.1 In the context of maintaining organisational capacity in the lead up and transition to a future model of local government in Somerset, short-term savings targets to be included in the financial strategy focus on modernisation, improvement and efficiency. A net savings target of £200,000 for 2022/23 is included within the MTFP forecast, as a realistic and achievable target.

8.2 Longer term savings and financial sustainability solutions for 2023/24 and beyond will need to be determined in the design and costing of a new unitary model, with significant financial benefits estimated within the future unitary options business cases. In the unlikely event a change to a unitary model is not agreed by the Secretary of State this year, SWTC will need to revisit the financial strategy and identify ongoing financially sustainable service options for future years.

9 Commercial Investment Strategy

9.1 The Council's Commercial Property Investment Strategy is reported in detail separately to Council. This commercial approach responds to the major cuts in central government funding and reduction in retained business rates income, to provide essential income to fund local services. It also provides a prudent diversification of funding streams, where reliance on business rates growth, New Homes Bonus and general grant funding is not sustainable.

9.2 The last update of the Strategy was approved by Council in December 2020. Effective governance and management arrangements provide confidence over the financial assumptions supporting the strategy, with realistic estimates included in the MTFP. The programmed investment of £100m in property commenced in 2020/21 and is expected to be completed in 2021/22.

- 9.3 The acquisition of investment properties will initially be funded through borrowing – either through internal borrowing or external financing facilities such as loans – with debt acquired in line with the Treasury Management Strategy. Interest rates on borrowing are expected to remain low in the medium term.
- 9.4 The presentation of investment income has been updated within the MTFP, showing investment income net of direct management costs, with financing costs included within Capital Financing and Debt Repayment, and Interest Costs and Income.
- 9.5 Investment risk is managed through robust governance, due diligence, and ongoing effective management of the portfolio. Budget risk is underwritten through prudent estimating of return on investment and holding an Investment Risk earmarked reserve that provides significant resilience to income volatility and asset management costs. It is proposed to split the earmarked reserve into three specific reserves in 2021/22 including the creation of an investment financing reserve to hold surpluses that may be used to finance capital costs and/or accelerate debt repayment. Estimates of reserve transfers and balances are set out in Appendix A.

Table 3 – Investment Property Net Income Estimates

	2021/22 £k	2022/23 £k	2023/24 £k
Net Income from Investment Assets Transferred from TDBC and WSC	-507	-507	-507
Net Income from £100m investment portfolio	-4,975	-6,650	-6,820
Net Income from £100m (21/22 revised estimate) reduced optimism adjustment contingency	-80		
Total Investment Properties Net Income	-5,562	-7,157	-7,327
<i>Related Financing Cost Estimates:</i>			
Capital Debt Repayment Estimates	800	2,000	2,000
Capital Debt Repayment (21/22 Revised Estimate)	80		
Notional Interest Costs	1,275	750	1,500
Notional Interest Costs (21/22 Revised Estimate)	-750		
Estimated Net Income After Financing Costs	-4,237	-4,407	-3,827

- 9.6 Significant progress in the delivery of the investment strategy has been made in 2020/21 and Q1 of 2021/22. Given increasing confidence with net income projections the investment income in 2022/23 has been enhanced by £250k with reduction in the 'optimism adjustment' contingency within the budget estimate. This enables a reduction in the use of General Reserves towards the cost of services in 2022/23.
- 9.7 The presentation of the MTFP has been updated to show investment properties net income before financing. This helps to provide further clarity for councillors on the extent to which investment income supports the cost of services, and the total debt repayment and interest costs included in budget estimates. It also reflects the financing of investment property capital is managed by the S151 officer in line with the treasury management approach required to meet the Council's total capital requirements which is undertaken on a holistic basis.

10 Regeneration

- 10.1 The Council has strategic plans to drive forward with regeneration within the district. For

example, Seaward Way (Minehead) employment site development completed in 2020/21, the Coal Orchard (Taunton) development will complete in 2021/22, and work is continuing at the Firepool site (Taunton). These regeneration schemes are addressing market failure and improving the place and are also expected to provide a net income towards related services through robust viability planning and cost management. Where the Council retains an ongoing interest in a completed site the budget will reflect known costs and income estimates. The net cost/income for regeneration schemes will be driven by quality and cost of the schemes, the delivery and financing arrangements, and nature of income.

11 Treasury Management and Capital Financing

11.1 The Council updates its Treasury Management Strategy (TMS) annually, with the current TMS approved by Full Council in March 2021. The strategy guides the approach to managing the Council's cash flow, cash investments and borrowing.

11.2 The current economic outlook has several key treasury management implications:

- Short term investment returns are likely to remain relatively low
- Borrowing interest rates are currently attractive and are likely to remain low for some time
- Financial markets suffered significantly during 2020/21 due to COVID impact on the economy, but are beginning to bounce back as restrictions are eased, underpinned by the successful vaccinations programme.
- Approaches to financing capital investment plans should consider the economic outlook e.g. any potential advantages of taking more long term borrowing to increase cost certainty and reduce interest rate risk.

11.3 This TMS looks to manage exposure to risk and volatility by:

- Considering security, liquidity and yield, in that order
- Considering alternative assessments of credit strength
- Spreading investments over a range of approved counterparties
- Only investing for longer periods to gain higher rates of return where there are acceptable levels of counterparty risk
- Only borrowing when needed and managing borrowing undertaken to prudently reflect a balance of short term low cost debt, long term cost certainty, and retaining flexibility of arrangements in view of the range of uncertainties and dynamic capital programme requirements.

11.4 The S151 Officer and Finance staff continue to work with our treasury advisors – Arlingclose – to effectively manage opportunities and risks in line with CIPFA's Prudential Code and Treasury Management Code and related Guidance.

11.5 The cost assumptions in respect of interest in debt for 2021/22 and 2022/23 have been reduced in the MTFP on the assumption we will continue to access short term external borrowing to support General Fund capital expenditure where needed. This assumption reflects forecasts provided by Arlingclose that interest and borrowing rates are not expected to change materially in the next 2-3 years. This builds in an element of risk in terms of refinancing costs in future however for the duration of this strategy the risk is low.

12 Reserves

- 12.1 The Council maintains General Reserves and Earmarked Reserves, for both the General Fund and the Housing Revenue Account. General Reserves are retained to provide a contingency to mitigate general financial risks arising from unexpected events or emergencies and as a general working balance to help cushion the impact of uneven cash-flows. Earmarked Reserves are funds that have been set aside for specific purposes to be spent in future years and to provide contingencies for specific risks. The approach to General Reserves includes a regular review by the S151 Officer to ensure the level of reserves held are adequate in the context of the financial risks faced and other mitigations in place (e.g. provisions, earmarked reserves, insurances).
- 12.2 The Council currently holds a balance above the recommended minimum, and a key principle within this financial strategy is that it is prudent to maintain and where possible to increase this headroom to ensure revenue resources are available to support the implementation of a new unitary structure if approved. For example, the Stronger Somerset business case identifies estimated implementation costs of £18.9m. In addition, proportionate contingencies are in place for 2021/22 however long lasting COVID effects on the economy, demand for services and income levels increases financial planning risk, and higher reserves 'headroom' provides greater resilience in this context.
- 12.3 This financial strategy includes planned use of surplus general reserves to support the budget in 2021/22 (£1.16m) and 2022/23 (£1m). This is reflected in the MTFP above and is sustainable in the short term. Sustainable financial planning must ensure that in the medium/long term the budget can be balanced without the need to use General Reserves.
- 12.4 The Council sets aside funds into Earmarked Reserves through the Budget process where there is a longer term spending plan, for example planned use of revenue funds towards financing the capital programme, and Business Rates which mitigates financial risks and smooths out accounting timing differences. A review of reserves was undertaken in 2020 in response to COVID and reflected within plans for 2020/21 and 2021/22. A further review of earmarked reserves will be undertaken this summer and reported to Members in due course.
- 12.5 For this updated Financial Strategy and budget approach it is proposed to further realign reserves to reflect up to date risk assessments, and plans to utilise investment, financing and business rates surpluses to support the investment property strategy in 2021/22 and 2022/23. This is as set out in Table 1 above.
- 12.6 A summary of the general reserves and earmarked reserves position is set out in Appendices B and C.

13 Business Rates Retention (BRR)

- 13.1 The Council's business rates tax base includes Hinkley Point nuclear power station, with Hinkley B representing almost 20% of the total. EDF have confirmed that Hinkley B will commence decommissioning by July 2022, which has a major influence on retained business rates funding for SWTC. From 2022/23 it is projected that BRR funding will fall to the Safety Net retained funding c£4.2m, a significant reduction of approximately £2m

per year compared to 2021/22. It is unlikely BRR funding would return above the Safety Net until Hinkley C is operational, which is not expected to be before 2026/27.

- 13.2 The Council has been preparing for the prospect of reduced business rates from Hinkley B by building resilience in its BRR Volatility Reserve. With the expected reduction in 2022/23 it is proposed to use part of the reserve balance to mitigate the reduction in funding. This allocation is currently estimated at £0.5m but the amount will be confirmed within the final Budget proposal in February 2022.
- 13.3 The anticipated review of the Business Rates Retention (BRR) system and the “Reset” of the Baseline has been deferred several times by Government, and at this stage it is unclear when this will happen. However, the impact of this prospective change may be less significant in the medium term due to Hinkley B decommissioning, although it may depend on what data the Government uses to inform any reset.
- 13.4 The Government announced last July that the next revaluation of rateable values would be in 2023 with an Antecedent Valuation Date (AVD) of 1 April 2021, which would reflect the impact of COVID-19 on the non-domestic property markets. The Non-Domestic Rating (Lists) Act 2021 came into force in March, setting the publication date of the compiled lists (1 April 2023) and the publication of the Draft Lists to be no later than the 31 December 2022. The 2023 revaluation will require the Valuation Office to carry out in the region of 2.12 million valuations.

Business Rates Pooling

- 13.5 A Somerset Business Rates Pool (comprising the County Council and the Districts within the County Council area) has provided a positive impact on retained funding since 2018/19, retaining more funding locally rather than redistributed to central government. The pooling arrangement remains in place for 2021/22. The 2021/22 Budget includes an estimated £250k pooling gain as a contribution towards funding of services. Actual gains are not confirmed until the end of each financial year.
- 13.6 In the overall context of the financial strategy, it is proposed that pooling gains from 2020/21 (estimated £0.9m) and any additional surplus in 2021/22 is reserved to support the budget in 2022/23 and additional financial sustainability measures such as capital financing.
- 13.7 With the planned decommissioning of Hinkley B nuclear power station in 2022 it is unlikely that SWTC would continue in any pooling arrangement in 2022/23, however this will be reviewed later this year with a decision for 2022/23 due in October.

14 Business Rates Holiday 2020/21 and Collection Fund Deficit

- 14.1 One of the measures introduced in response to COVID and to support businesses is to give a one-year business rates holiday to eligible businesses in the retail, hospitality and leisure sector plus Early Years nursery providers in 2020/21. This has resulted in a £29m reduction of business rates due from rate payers. As businesses are paying less this results in a significant deficit in the Collection Fund of which SWTC is liable for 40%.
- 14.2 The Government is providing S31 grant to compensate local authorities for the loss of tax revenues through the business rates holiday. There is a timing difference in the prescribed accounting arrangements in that the General Fund will be credited with the S31 grant in 2020/21 but the Collection Fund deficit is charged to the General Fund in

the following financial year. This means the budget estimates and reserve balances are significantly skewed. It is important to set aside the S31 grant in the Business Rates Volatility Reserve in 2020/21 and then withdraw it later to offset the deficit when this hits the General Fund.

15 General Government Grants

- 15.1 Budgeting for General Grant funding is uncertain and subject to future Spending Reviews and the annual Finance Settlement. Currently the funding forecasts within the MTFP are based on a continuation at the same cash values for both Revenue Support Grant (RSG) and Rural Services Delivery Grant (RSDG), totalling £260k per year (see MTFP summary in Table 2 above).
- 15.2 The prospect of a reduction in funding through a 'negative RSG' has been postponed each year for several years by Government, therefore no allowance for this is currently included in the forecast pending future Government announcements in this regard.

16 New Homes Bonus

- 16.1 New Homes Bonus grant provides additional un-ringfenced funding from Government based on annual housing growth. The scheme has been in operation since 2011/12, with various changes to the methodology for calculating the grant during this time. The Government has undertaken a further consultation on the future of New Homes Bonus in early 2021, and it is likely information will come forward later this year (December?) on any changes being implemented. At its peak NHB funding within SWT reached £4m, but the level of reward has diminished year on year since.
- 16.2 The reward for the previous year's annual growth within the 2021/22 settlement was £34k which combined with legacy payments of £1.709m from prior years' growth resulted in a grant of £1.743m in 2021/22. The legacy payment due on 2022/23 is £851k and it is currently assumed this will be the total NHB funding received in that year, which is all planned to be used to support the revenue cost of services. If the Finance Settlement confirms a higher grant amount in 2022/23 it is proposed to reduce the amount required from reserves to balance the budget.
- 16.3 The expected reduction in availability of New Homes Bonus has led to a review of the affordability and funding of the Growth Capital Programme – see para 21.9 below.

17 Council Tax

- 17.1 The setting of Council Tax is determined by Members each year at Full Council. For 2021/22 the Council set the basic annual Band D council tax rate for Somerset West and Taunton Council at £169.63 (including £1.75 which is passed on to the Somerset Rivers Authority). The Tax Base – the measurement of properties chargeable for tax expressed as 'Band D Equivalents' – is 55,948 in 2021/22.
- 17.2 This produces council tax income of £9.49m for SWTC, which represents 51% of Net Funding within the 2021/22 revenue budget.
- 17.3 The council tax income projections within the MTFP are based on the financial planning assumption of a 1.99% annual increase in council tax rate. The Government has for several years allowed shire districts the option of up to a £5 increase on the Band D rate, if this is greater than 1.99%. If this option is available and taken in 2022/23 this would

equates to 2.94%. Tax proposals will be considered by the Executive through the budget process, and formally recommend its Council Tax proposals to Council each February as part of the annual Budget report.

- 17.4 The impact of COVID on the local economy and employment is expected to have an ongoing adverse effect on council tax income. No growth in the tax base is assumed in 2022/23, recognising the risk that any housing growth will be offset by increased demand in council tax support.
- 17.5 In the 2021/22 Finance Settlement the Government provided a one-off grant of £225k to mitigate the increased demand in council tax support. It is not known whether any further mitigation funding will be provided in 2022/23, therefore prudently no further funding is currently anticipated within the MTFP.
- 17.6 The table below provides a summary of the assumptions and estimates included the MTFP projections. If there is a new unitary structure in 2023/24 a council tax harmonisation approach will need to be agreed for SWTC's successor.

Table 4 – Council Tax Income Forecast

	2021/22 Actual	2022/23 Estimate	2023/24 Indicative
Council Tax Base			
Estimated Increase/Decrease %	-0.9%	0%	1%
Increase/Decrease in Band D Equivalents	-502	0	560
Tax Base	55,948	55,948	56,507
Council Tax Rate			
Increase % (MTFP core assumption)	3.07%	1.99%	1.99%
Increase £	5.00	3.38	3.44
Band D Rate £	169.63	173.01	176.45
Council Tax Income Estimates £k	9,490	9,680	9,971
Council Tax Income scenarios £k:			
£5 annual increase		9,770	10,150
1% annual increase		9,585	9,777
0% annual increase		9,490	9,585

18 Somerset Rivers Authority

- 18.1 Included in the Council Tax Band D tax rate for SWTC is £1.75 per year which is collected by SWTC on behalf of the Somerset Rivers Authority (SRA). This equates to an estimated £98k in 2021/22, providing funding towards the 20 Year Flood Action Plan that was developed following the severe flooding experienced in Somerset in early 2014. Total contributions from the County and District Councils in Somerset provide an annual budget for the SRA of c£2.8m per year. There are five key workstreams within Somerset's 20 Year Flood Action Plan:
- dredging and river management
 - land management (including natural flood management)
 - urban water management
 - resilient infrastructure
 - building local resilience

- 18.2 The Government has previously committed to implementing the necessary legislation in

future to allow the SRA to precept.

19 Housing Revenue Account

19.1 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.

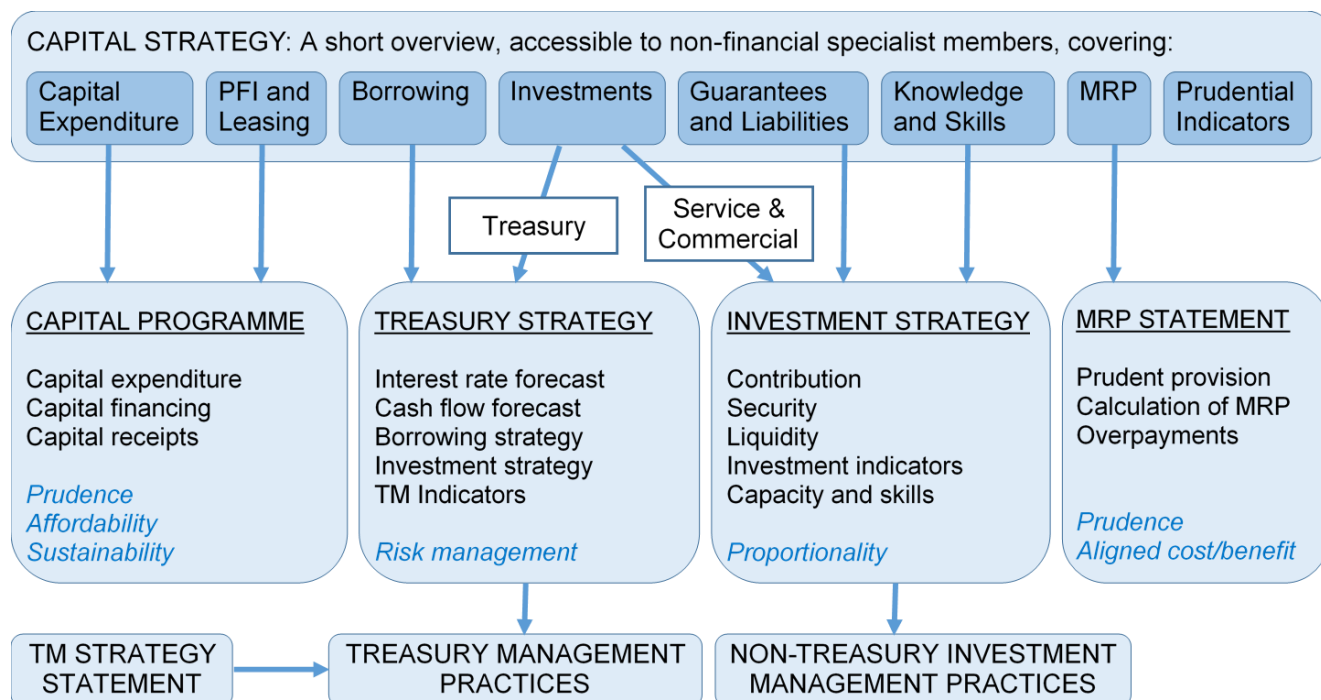
19.2 The Council has a long term business planning approach to managing the stock and the finances within the HRA, which is reported separately. The financial strategy for the HRA focusses on ensuring that spending and capital investment plans are affordable and contained within the projected resources available.

19.3 The Council maintains separate reserves – general and earmarked – for the HRA representing balances and contingencies to manage financial risks and timing of spending commitments.

20 Capital Strategy

20.1 The Council approved new Capital, Investment and Treasury Strategies in February 2021. These draw together the approaches to meeting the Council’s capital investment priorities, and managing its investment, borrowing and cash flow needs and risks.

20.2 The strategy follows the principles of the Prudential Code and Treasury Management Code issued by CIPFA. The following diagram represents the Capital Strategy framework and how the capital, investment, treasury and MRP approaches interlink.



20.3 The key objective of the Capital Strategy is to deliver a capital programme that:

- Ensures the Council’s capital assets are used to support the delivery of priorities within the Corporate Plan and the Council’s vision
- Links with the Council’s Asset Management Plan

- Is affordable, financially prudent and sustainable
- Ensures the most cost effective use is made of existing assets and new capital investment
- Supports other service specific plans and strategies

20.4 For the General Fund the majority of direct service investment is supported through use of New Homes Bonus funding and Community Infrastructure Levy; with further investment supported through planning obligations (S106/Hinkley funds), capital grants, capital receipts, and revenue contributions. For the HRA the funding is provided through the Major Repairs Reserve, capital receipts and revenue contributions. A contribution to the Social Housing Development Fund is included in the HRA Revenue Budget each year to contribute towards the cost of additions to the housing stock.

20.5 For both the General Fund and HRA, future capital spending will require support through borrowing. Prudent borrowing limits will be set within the Capital and Treasury strategies, together with prudent plans to cover the cost of capital debt through Minimum Revenue Provision (MRP) and use of capital receipts. The revenue implications of capital will be measured for affordability within the overall revenue budgets for the General Fund and HRA.

20.6 The specific resources to deliver the capital strategy will be identified through the annual budget setting process. The Council will use a rigorous capital prioritisation process before individual capital schemes are approved including development of a full business case for large individual capital schemes.

Infrastructure Programme and Community Infrastructure Levy

20.7 The Council applies a Community Infrastructure Levy (CIL) for relevant development within the district, in line with the policy originally introduced by Taunton Deane Borough Council in 2014. CIL is a tariff charged in the Taunton Deane area on residential development (excluding Taunton town centre and Wellington) and retail development outside Taunton and Wellington town centres. The principle behind CIL is that most development has some impact on infrastructure and the developer should contribute to the cost of providing or improving it. CIL applies to new floor space and charges are based on the size, type and location of the new development.

20.8 The Policy is approved by Council and implemented by Officers. Council determines the allocation of CIL income to investment themes as part of the annual capital programme approval process. The Executive Committee or Portfolio Holder for Asset Management and Economic Development may agree specific scheme allocations for projects >£250k, or the External Operations and Climate Change Director for projects up to £250k, within the limits allocated by Council to each theme. Expenditure to be funded by CIL is only contractually committed once CIL income has been received.

20.9 Detail regarding planned CIL allocations to support expenditure is set out in the approved Capital Programme.

21 Financial Planning Risks and Uncertainty

21.1 As outlined in this report, there are number of factors making accurate financial forecasting particularly difficult at this stage. The risk of 'error' in forecasting assumptions is high, particularly for 2021/22 onwards. The financial strategy seeks to mitigate this risk

by:

- Prudent assumptions used for future funding forecasts
- Maintenance of sufficient balances and reserves

21.2 Other main areas of risk and uncertainty within the financial plan are:

- Inflation – rising inflation could place additional pressure on pay settlements and prices for purchases of goods and services
- Demand volatility – fluctuation in costs and income as a result of changes in demand led services and usage (e.g. homelessness, planning, building control, parking, garden waste), which may continue to be adversely affected by COVID.
- Delivery of savings – planned savings to mitigate the projected budget gap may take longer to be delivered and may not be delivered in full, in which case plans will need to be reviewed and updated.
- Business Rates Retention – forecasts under BRR are notoriously difficult to predict with accuracy and can therefore change from year to year (e.g. for appeals, reliefs, etc.), and the system is currently under review with uncertainty of the distribution of risks and rewards of income decline and growth.
- Economic slowdown and recession – COVID and exit from the EU may exaggerate the impact on demand for services thus increasing costs, and is expected to have an adverse effect on core funding through business rates and council tax as well as income from fees and charges.
- Local government – The Government is currently considering two options for local government restructuring in Somerset, with the potential for one or two unitary councils taking on the services currently delivered by the County and District councils. Any change is likely to have a significant demand on resources to manage a transition to a new authority, leading to increased costs and potentially significant reductions in reserves.

22 Legal Implications

22.1 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.

23 Climate and Sustainability Implications

23.1 No direct carbon/environmental impacts arising from the recommendations. Budgeted support towards the Council's climate and sustainability priorities is included within the MTFP and HRA Business Plan.

24 Equality and Diversity Implications

24.1 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.

25 Asset Management Implications

25.1 Effective asset management remains an important element of the financial strategy. Asset Management Strategies were previously prepared for both West Somerset and

Taunton Deane Councils (September 2017 and November 2017). These identify and categorise the land and property holdings in each Council and establish core objectives for holding and/or investing in the existing asset base. Work is currently underway to enable updated Asset Management Plans to be prepared during 2021/22. Financial plans will be reviewed and budgets updated during the budget setting cycle to reflect updated information when available.

26 Scrutiny Comments / Recommendations

26.1 It is proposed to present the draft strategy to Scrutiny on 7 July 2021. Feedback from the Committee will be included in the report to the Executive on 21 July 2021.

Democratic Path:

- **Corporate Scrutiny Committee – 7 July 2021**
- **Executive – 21 July 2021**
- **Full Council – 7 September 2021**

Reporting Frequency: Annually

Appendices

Appendix A	Investment earmarked reserves
Appendix B	General Reserves summary
Appendix C	Earmarked Reserves summary
Appendix D	Reconciliation of 2021/22 MTFP Budget Changes Since February 2021

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Investment Earmarked Reserves

Table 1 – Investment Risk Reserve Projection

	2021/22 £k	2022/23 £k	2023/24 £k
Balance brought forward	3,674	3,000	3,000
Transfers to other Investment Reserves	-674	0	0
Transfer to reserve (MTFP assumption)	0	0	320
Transfer to Revenue – determined by future volatility	TBC	TBC	TBC
Balance carried forward	3,000	3,000	3,320

Table 2 – Investment Assets Sinking Fund Projection

	2021/22 £k	2022/23 £k	2023/24 £k
Balance brought forward	0	500	500
Transfer from Investment Risk Reserve	500	0	0
Transfer to Reserve – set aside from Investment Net Income	0	0	100
Transfer to Revenue – asset maintenance/management costs	TBC	TBC	TBC
Balance carried forward	500	500	600

Table 3 – Investment Financing Reserve Projection

	2021/22 £k	2022/23 £k	2023/24 £k
Balance brought forward	0	2,174	174
Transfer from Investment Risk Reserve	174	0	0
2021/22 Revised Budget – Transfer to reserve	2,000	0	0
Repayment of Investment Capital Borrowing (MRP)	0	-2,000	0
Balance carried forward	2,174	174	174

General Reserves

Reserves Position as at July 2021

	General Fund £k	HRA £k
Balance 1 April 2020	4,522	2,701
2020/21 Original Budget Transfer to Reserve	300	
Earmarked reserves review – balances released	1,218	
From NHB Reserve	3,949	
From BR Volatility Reserve	1,000	
Economic Growth and Prosperity Fund	-500	
Climate Change strategy	-500	
Unitary Programme Delivery Funds	-249	
Tree Planting	-18	
2020/21 Budget for Projected Net Costs of COVID	-657	
Budget Volatility and Risk reserve	-2,400	
2020/21 Outturn Net Underspend (Overspend)	1,250	15
Balance 31 March 2021	7,915	2,686
Requested Supplementary Budgets 2021/22 (Outturn report)	-806	
MTFP Use of Reserves to Reduce Budget Gap in 2021/22	-1,160	
MTFP Use of Reserves to Reduce Budget Gap in 2022/23	-1,000	
Unitary Council Poll	-86	
Indicative Balance	4,863	2,686
Adequate Minimum Reserves Balance	2,400	1,800

Earmarked Reserves

General Fund Earmarked Reserves	Balance 1 April 2021 £k	Budgeted Transfer £k	Balance 31 March 2022 £k
Business Rate Holiday S31 Grant	11,695	-11,118	577
Business Rate Losses S31 Grant	3,081	-999	2,083
Business Rate Volatility	5,375	1,665	7,040
Investment Risk	3,673		3,673
Budget Volatility & Risk	2,400		2,400
General Carry Forwards	2,112	-2,112	0
Garden Town Fund	870	-68	802
Ec Dev (BR Pooling Gain)	769		769
Asset Management	687		687
Community Housing (West Som)	533		533
NHB	193		193
Other Smaller Balances	2,456	-18	2,438
Total	33,844	-12,649	21,194

*Excludes proposed transfers in Table 1 in this report.

HRA Earmarked Reserves	Balance 1 April 2021 £k	Budgeted Transfer £k	Balance 31 March 2022 £k
HRA One Teams	26		26
HRA Social Housing Development Fund	849		849
HRA Hinkley	57		57
HRA Contribution to Transformation	175		175
Total	1,107	0	1,107

Reconciliation of movements in 2021/22 figures in MTFP Feb Council to this report

	2021/22 February Report £k	Changes £k	2021/22 This Report £k
Net Service Costs	21,020		21,020
Investment Properties Net Income	-3,407	-2,155	-5,562
Capital Financing and Debt Repayment	498	1,082	1,580
Interest Costs and Income	Not split out	323	323
Unparished Area Expenses	29		29
SRA Funding	98		98
Sub-total: Net Costs	18,238	-750	17,488
Earmarked Reserves Transfers	1,665	750	2,415
General Reserves Transfers	-1,160		-1,160
Net Expenditure	17,993	750	18,743
Business Rates Retention (BRR)	-6,182		-6,182
BRR prior year surplus/deficit	12,556		12,556
Earmarked S31 Grant to offset BRR Deficit (split over two lines in February report)	-12,117		-12,117
Business Rates Pooling Gain	-250		-250
Revenue Support Grant	-6		-6
Rural Services Delivery Grant	-253		-253
LCTS Grant (COVID)	-225		-225
Lower Tier Services Grant (COVID)	-996		-996
New Homes Bonus	-1,743		-1,743
Council Tax (CT) (SRA element split out in Feb report)	-9,490		-9,490
CT Special Expenses	-29		-29
CT prior year surplus/deficit	-8		-8
Net Funding	-18,743	0	-18,743
Budget Gap	0	0	0

Brief explanation of changes:

1. Investment properties net income: £750k reduction in financing interest costs improving net income, MRP increased by £80k offset by £80k increase in net income, £880k MRP moved to 'Capital Financing and Debt Repayment' line, £525k interest costs moved to 'Interest Costs and Income' line.
2. Capital financing and debt repayment: £202k interest income moved to 'Interest Costs and Income', £880k MRP moved from 'Investment Properties Net Income'.
3. Interest costs and income: -£202k net interest income split out from original budget, £525k interest costs moved from 'Investment Properties Net Income'.
4. Earmarked reserve transfers: £750k interest cost reduction transferred to Investment Financing Fund. Also £1.25m transferred from BRR Volatility Reserves and subsequently also transferred to Investment Financing Fund, making £2m in total to that Fund.

Somerset West and Taunton Council

Corporate Scrutiny Committee – 7th July 2021

Corporate Performance Report, Quarter 4 and Outturn, 2020/21

This matter is the responsibility of Executive Councillor Member Ross Henley.

Report Author: Malcolm Riches, Business Intelligence and Performance Manager.

1. Executive Summary / Purpose of the Report

This paper provides an update on the council's performance for the 2020/21 financial year. The report includes information for a range of key performance indicators and also provides an update on progress against the council's annual plan commitments for the year. This year, the council has also played a significant role in the response to the pandemic and this report includes a summary of the additional work undertaken. Finally, the report also includes the key business risks for the council.

2. Recommendations

Councillors are asked to consider the attached performance report.

3. Risk Assessment

Failure to regularly monitor performance could lead to the council not delivering on some of its corporate priorities.

4. Background and Full details of the Report

As part of the Council's commitment to transparency and accountability this report provides an update on performance for a number of key indicators across a range of council services and also provides progress monitoring for the implementation of the Corporate Strategy, and the delivery of the commitments made in the 2020/21 Annual Plan. The past year has been exceptional and the pandemic has resulted in unprecedented circumstances. The council's response to the pandemic has been significant, and this has been achieved in addition to the regular day-to-day responsibilities.

4.1 Impact of Covid-19

This report does not attempt to capture all of the additional work the council has undertaken in the past year in response to the pandemic. In many cases, the response has required setting up completely new services or processes. Among the many measures implemented since restrictions were announced SWT has:

- Distributed more than £65m of business support grants to businesses in our district by end March 21.
- Responded to the 'Everyone In' mandate from government to identify, set up and manage safe self-contained accommodation for rough sleepers in our District. This required the establishment of accommodation at Canonsgrove in

Trull and the Beach Hotel in Minehead which, at its peak, was accommodating around 70 people. This project achieved national recognition and has undoubtedly saved and changed lives.

- We supported over 750 of our housing tenants with advice to maximise income and minimise debt, issued food parcels and vouchers toward energy costs.
- Distributed £250,000 in community chest funding to small organisations to help them respond to the pandemic.
- Invested £500,000 to help the town centres of Taunton, Minehead and Wellington with a programme of emergency measures designed to aid these vital social and economic hubs.
- Administered 508 successful awards of Test and Trace self-isolation payments, paying to low income households who were told to self-isolate.
- Implemented the Council Tax Hardship Funding received from central Government and applied payments of up to £150 to 7017 working age Council Tax Support claimants
- Reviewed and extended the awards for 285 Discretionary Housing Payment claims to provide ongoing help to people to pay their rent.
- Recalculated 1,693 Housing Benefit claims providing additional support for people to help pay their rent.
- Provided Business Rate relief to 1,300 qualifying business rate accounts and removed their liability to pay rates for this year.
- Made calls to 3,500 tenants and 600 other potentially vulnerable residents to check if they need help.
- Delivered more than 150 food boxes to people who are shielding and those facing hardship.
- Helped the NHS make Vaccination Appointments; contacting 48,000 people.

4.2 Key Performance Indicators

The table in Appendix 1 includes the councils Key Performance Indicators and shows how the council has performed for the 2020/21 financial year. The table also includes a “direction of travel” arrow to show whether performance has improved, worsened or stayed the same, since the last corporate performance report which was for the end of December.

For the majority of indicators the target has either been met or, in many cases, has been exceeded. The direction of travel shows that since the end of December performance has reduced slightly for 4 of the indicators, but the majority of them are still within target. Overall there are 3 ‘Red’ and 2 ‘Amber’ indicators, which are being monitored closely. More information is provided below regarding the red and amber indicators.

For the indicators that were marked as red as the end of Q2 and Q3 (Complaint and FOI response timescales), monthly figures have been included to show how performance has improved significantly over the last 3 months.

The performance indicator remains red and below target. Realistically, as the indicator is cumulative, the year-end figure was likely to remain below target. In view of the poor performance identified earlier in the year a significant amount of work has been put into both improving response times and identifying changes and improvements to the process. This work is continuing to pay dividends and the monthly trend over the past 3 months shows clear and sustained improvement, with performance in March up to 93%.

Number of FOI requests responded to in 20 working days

Again this has been an area of focus in view of the poor performance identified earlier in the year. However, this indicator also needs to be considered against the backdrop of the Covid crisis and the steer from Government that local authorities could relax their response times to FOI requests in order to focus on immediate Covid related priorities. The figures for the last three months demonstrated continued improvement, and have exceeded the target every month. For March, 91% were responded to on time.

Percentage of Licensing Requests processed within timescales

As reported at the end of quarter 3, the percentage of licensing applications processed within timescales has fallen short of the target. There was a drop in performance last autumn, but the last 3 months have seen sustained improvement from 84% in January, to 87% in February and up to 91% in March.

Despite falling short of the target, the Licensing service have met all statutory obligations. The majority of applications not completed within the target timeframe were made in accordance with the Licensing Act 2003 and received tacit consent; this is where a licence is treated as having been granted if the objection period passes without an objection or the Licensing Authority does not determine the application within a prescribed time period. Tacit consent is something the Licensing service is wary of as it can, in some cases such as caravan site and pavement licensing, result in the granting of a licence without conditions which are required to uphold the principals and objectives of those regimes. This is not the case with applications made in accordance with the Licensing Act 2003, where conditions do apply whether that application receives tacit consent or not.

The delay in completing these Licensing Act 2003 applications was at the end of the process; issuing the licence document following the completion of all initial steps i.e. their being logged on the Licensing back office system, circulation to responsible authorities and determination following the objection period. This was part of a deliberate prioritisation and balancing of work pressures. The backfilling of vacant roles within the team has enabled the service to catch up and clear the bulk of this backlog, and the trajectory of improved performance is expected to continue.

Business Rates & Council Tax Collection Rates

The cumulative collection rates for both were below target.

	Last Year, 31 Mar 20	This year, 31 Mar 21	Shortfall
Business Rates	96.92%	92.16%	-4.76% (£1.354m)
Council Tax	97.71%	96.78%	-0.93% (£1.022m)

Note: The Council collects business rates and council tax on behalf of all preceptors within the district. The income that is collected is distributed in proportion to:

- Business Rates: 50% to central government, 40% to SWTC, 9% to Somerset County Council and 1% to Devon and Somerset Fire and Rescue Authority.
- Council Tax: Pre precepts set by Somerset County Council, the Avon and Somerset Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority, SWTC, and town / parish councils. On average, SWTC receives 9% of council tax collected in 2020/21.

In recognition of the impact on collection resulting from Covid the Government provided additional funding to top-up Council Tax Support claims. In addition, Government have provided £29m to subsidise the business rates “holiday” for retail, hospitality, leisure and nursery premises.

The Covid crisis has had a significant impact on business rates collection in particular and in number of different ways, as detailed below:

- The amount we raise (the net collectable debit) in 2020/2021 nearly halved from normal levels of £60m to £33m. This was mainly due to the extended relief (giving a year's payment holiday) to all retail, hospitality and leisure businesses.
- Many businesses have been significantly impacted by the Covid crisis and this has hampered the ability of some businesses in making payment.
- We undertook very limited action to recover unpaid debts last year and no court action. This both recognised the impact of the crisis on businesses and the practical difficulties in enforcing payment due to the Covid restrictions.

Because of these factors it is impossible to make a meaningful year to year comparison in relation to business rates collection. To put this drop into context it is a comparable drop to both local and national rates. For example, our neighbouring authority Sedgemoor reported a 4.04% drop. 75% of losses below budget expectations will be met by Central Government via an additional Covid19 Grant.

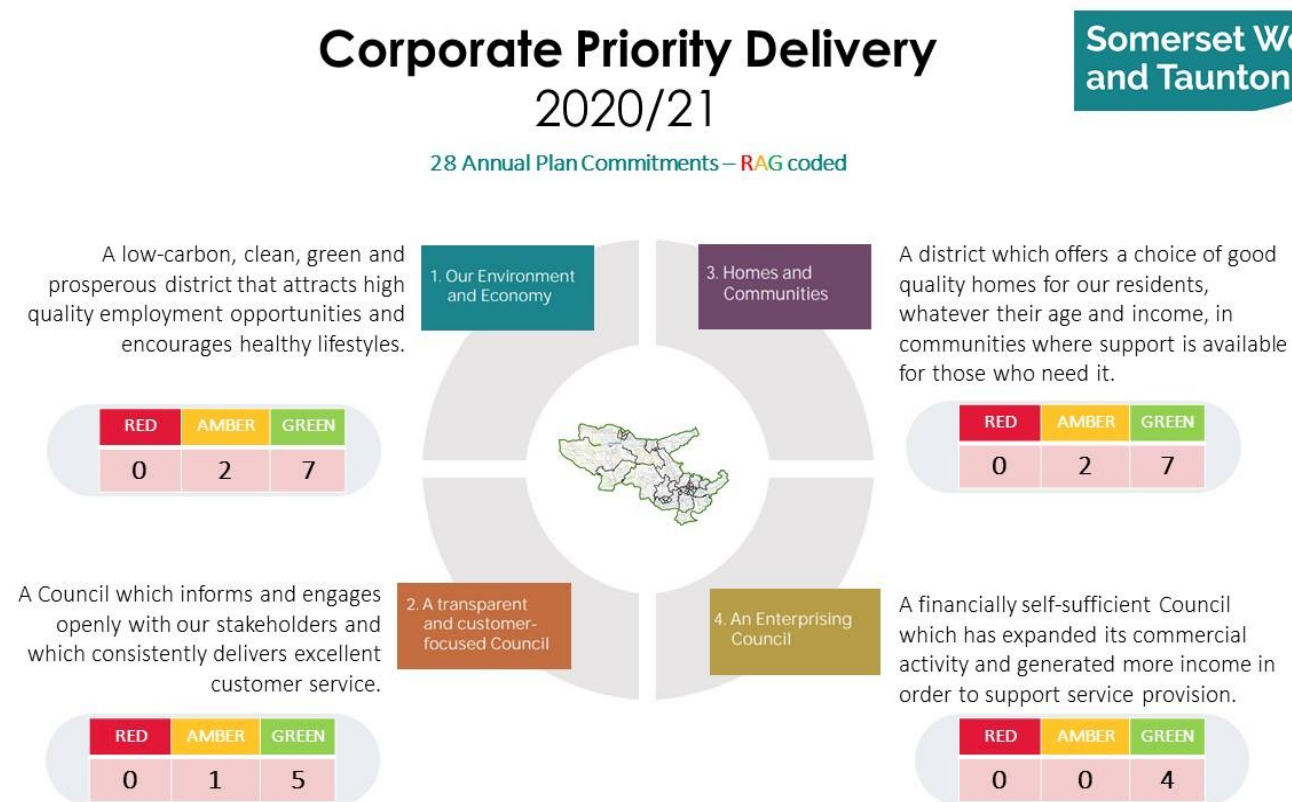
Our residents have done really well this year to maintain their payments of Council Tax despite the difficulties of the past year. We achieved a collection rate of 96.78%, which is only 0.22% below target. This is actually a very positive result given the circumstances of the past 12 months and hopefully is reflective of broader resilience within our local economy. It should be noted that unlike Business Rates the Council Tax net collectable debit rose from 99m to 102m. We have undertaken limited pre-court action (nudge letters and reminder notices), but this has been impacted by resourcing constraints resulting from the need to process business grants. We have a smaller drop compared to that of local and national rates. For example, our neighbouring authority Sedgemoor report a 1.09% drop. This reduction in income is shared with all major preceptors.

In conclusion we have quite consciously taken a more lenient approach to recovery activity this year to try and help both Business Rate and Council Taxpayers

experiencing difficulty (many for the first time) through the economic impact of the crisis. The management team meet regularly to map out a catch-up programme and make sure customers in difficulty are given support and collection rates return to normal levels as soon as possible.

4.3 Progress update for 2020/21 Annual Plan

The Annual Plan contains 28 specific commitments that we said we will deliver in 2020/21. The graphic below provides a summary of progress as at the end of March 2021 for each of these commitments, split by the 4 themes of the Corporate Strategy. Each commitment has been rated as either Red, Amber or Green to indicate progress made.



In total, 23 of the 28 commitments are rated as Green, meaning that progress was as anticipated at the start of the financial year. There are 5 commitments which are rated as Amber, meaning that there was some slippage. This is generally linked to the impact of Covid 19 and will mean that final delivery of the initiative will roll forward to the 2021/22 year. None of the commitments are rated as Red. A more detailed update on each individual commitment is included in Appendix 2.

As outlined in the separate report on Risk Management in May, the quarterly Corporate Performance Reports will include an update on the key business risks and issues for the Council.

Processes are in place within each directorate to regularly review existing and identify any new risks. As new risks are identified they are included on the risk register and mitigations are identified and planned. A target date is set as to when the mitigations should be in place, and a lead officer is appointed.

The risks are all scored based on their probability and potential impact. Risks with a higher score are likely to have a more detailed mitigation plan. Issues are things which have already happened, so they are not scored in the same way as risks, but they have a RAG status which relates to the severity of the issue.

As of 31st March there were 4 Key Business Risks (with a score of 15 or higher) on the risk register.

Key Business Risks:

REF	Corporate Objective	Risk area	Risk Title	Risk Score			Owner
				Impact	Probability	Overall score	
CR11	A Transparent and Customer Focused Council	ICT	Cyber security threats.	5	4	20	Alison North
CR22	A Transparent and Customer Focused Council	Health and Safety Compliance	Failure of Risk Assessment process for staff operations leading to incident or near miss.	4	4	16	Alison North
CR23	Homes and Communities	Health and Safety Compliance	Failure to comply with Landlord Property Safety Compliance requirements leading to regulatory failure, failure to comply with the law, incident causing injury or death, negative PR, and financial loss (compensation and / or fine).	4	4	16	James Barrah
CR27	All	Unitary	Decision awaited regarding unitary proposals. Maintaining operational delivery during period of significant change.	4	4	16	James Hassett

As of 31st March the Corporate Issues Log contained 3 Issues that had a red RAG status.

Red rated Issues from the Corporate Issues Log:

REF	Directorate	Issue Title	RAG	Owner
CI 8	Internal Ops	Improvements in ICT infrastructure and connectivity to meet required standards.	R	Sean Papworth
CI 9	Dev & Place	Management of phosphate levels in Tone catchment, particularly regarding impact on planning applications.	R	Gerry Mills
CI 20	Internal Ops	Health and safety compliance especially with regard to working from height.	R	Sean Papworth

The risk register and issues log are updated as necessary and new risks/issues can be added at any point. They are routinely reviewed each month through the regular cycle of meetings. The lead officer is responsible for updating the risk register with progress made regarding mitigations, and this is reported back to Directorate performance meetings, and to the Corporate Performance Board where SMT review the key risks monthly.

5. Links to Corporate Strategy

This performance report provides an update on the Annual Plan which is fundamental to the implementation of the Corporate Strategy.

6. Finance / Resource Implications

The detailed financial out-turn position is available in a separate report.

SWT Performance report - 2020/21 Out-turn

Full definition	Target	Out-turn	Direction of Travel since end of Q3	Denominator	Year to date	Numerator	Year to date
Number of complaints responded to in 10 working days	90	54%	↑	Total number of complaints received each month	1125	Number of complaints responded to within 10 working days	604
Monthly figure for complaints responded to in 10 working days	Jan 86%	Feb 87%	Mar 93%				
Number of FOI requests responded to in 20 working days	75	71%	↑	Total number of FOI requests received each month	417	Number of FOI responded to within 20 working days	296
Monthly figure for FOI requests responded to in 20 working days	Jan 96%	Feb 76%	Mar 91%				
% of calls to Deane Helpline answered in < 60 seconds (in the last month)	90	93%	↓	Total number of calls to Deane Helpline in the month	327029	Number of calls answered in under 60 seconds	304478
Cumulative percentage of the amount of Council Tax collected	97	96.8	↑	Total amount of Council Tax to be collected by the 31st March		Amount of Council Tax collected in the year so far	
Cumulative percentage of the amount of Business Rates collected	98	94.6	↑	Total amount of Business Rates to be collected by the 31st March		Amount of Business Rates collected in the year so far	
Average processing times of new Housing Benefit claims	25	16.76	↑	Number of new Housing Benefit claims received	730	Total number of days	12233
Average processing times for changes in circumstances for HB claims	10	4.12	↑	Number of new Housing Benefit Change of Circumstances received	19937	Total number of days	82075
% of reported fly tipping incidents responded to within 5 working days	80	88%	↔	Number of fly tipping incidents	1014	Number of fly tipping incidents responded to within 5 days	892
% of service requests for street cleansing actioned within 5 working days	85	85%	↓	Number of service requests for street cleansing	635	Number of service requests actioned within 5 working days	542
% Licensing applications processed within timescales	95	88%	↓	Number of licensing applications processed	892	Number of licensing applications responded within timescales	789
% of major planning applications determined within 13 weeks (or within agreed extension of time)	75	84%	↑	Total number of major planning applications received	32	Total number of major planning applications completed within 13 weeks or agreed extension	27
% of minor planning applications determined within 8 weeks or agreed extension of time	65	80%	↓	Total number of minor planning applications received	316	Total number of minor planning applications completed within 8 weeks	254
% of other planning applications determined within 8 weeks or an agreed extension of time.	80	89%	↑	Total number of other planning applications received	808	Total number of other planning applications completed within 8 weeks or an agreed extension	719
% of appeals that have had the decision overturned	33	33%	↑	Number of appeals received	54	Number of appeals where the decision is overturned	18

Corporate Priority Area	Ref	Annual Plan Commitments 2020/21 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	31 March progress update	RAG
Our environment and economy	1	The Council is acutely aware of the need to invest in our local economy to help it recover from Covid 19. There are a number of initiatives in train and none more significant than Firepool . We are working on a business case that will guarantee the delivery of a regenerated Firepool and within an accelerated period.	<p>We have been busy throughout the year developing the revised masterplan for the entire site, into a phased, block by block program for delivery. This block-by-block approach allows SWT to control the pace of development but also respond to changing market conditions, such as the economic impact of Covid19 which is likely to have an impact on the Housing market.</p> <p>The impact of the phosphates notification from Natural England has been to slow down the publication of the Local Development Order for the entire site, which would have in effect acted as a planning permission for the whole. To expedite a solution to this issue, we are working on individual planning applications for the elements of the site that are not caught by the phosphates restrictions.</p>	Green
	2	We will approve a Carbon Neutrality and Climate Resilience Action Plan for the District and progress further actions that reduce the Council's and the District's carbon footprint, supports biodiversity and increases resilience to more extreme weather events;	<p>During the year SWT was recognised as a leader in responding to the climate emergency by the not-for-profit charity CDP. The Council achieved a score of "A-" (Leadership) for its 2020 disclosure. The disclosure identifies the ways in which we are working to mitigate and adapt to the projected impacts of climate change.</p> <p>In October, the Council approved its Carbon Neutrality and Climate Resilience (CNCR) Action Plan and the Somerset Climate Emergency Strategy, final draft versions of which were used to complete the 2020 disclosure. The score demonstrates that through these documents, SWT has a clear understanding of future climate risks and district-wide emissions. The Council has set emissions reduction targets and has been making strides with implementing our action plan.</p> <p>SWT also declared an ecological emergency, complementing the climate emergency declaration made in February 2019, to give equal importance to ecological issues alongside climate emergency actions</p>	Green
	3	Using funding from our successful Warmer Homes Fund bid, we will commence installing improved heating systems and energy efficiency measures within 175 SWT council owned homes as well as provide advice, support and access to	This project has been placed on hold during the Covid lockdown period in order to keep our tenants and our staff safe by temporarily limiting non-emergency work on our properties. Procurement has however been undertaken and the programme is able to commence when Covid restrictions ease	Amber
	4	We will commence a pilot to create wild meadows initially on Council owned land in Taunton, Minehead and Wellington. Sowing will take place in late Autumn 2020.	60kg of wildflower seeds have been sown in Minehead, Taunton, Wellington, Wiveliscombe and Milverton. This includes larger meadow areas such as Seaward Way, Culvercliffe in Minehead and Hawthorn Park in Taunton, as well as boundary sowings wherever possible on recreation areas and open spaces. Additionally, SWT has enabled Town and Parish Councils across the district to give their open spaces a boost during National Tree Week by offering 223 trees with stakes, ties, and guards as part of its commitment to working towards carbon neutrality and climate resilience by 2030.	Green
	5	Building on the extensive work that took place during 2019/20, we will produce a draft Local Plan to 2040 , undertake consultation before submitting the final Plan to the Secretary of State for consideration	The timetable of the Local Plan has been affected by the pandemic as well as the consultation and future decision around the future of Local Government in Somerset. Whichever unitary scenario emerges, a Local Plan would need to be produced to cover the whole of the new Local Planning Authority area. The background work and consultation so far on the Local Plan 2040 will still be of relevance to any new Local Plan for a unitary authority. Furthermore, the Government's Planning Reform proposals and change to the calculation of housing need will impact upon the content and scope of the Local Plan so we need to review what this means for our Local Plan. We have been progressing with background work on assessing sites and evidence base to feed into the Local Plan as it develops in whatever form.	Amber

Corporate Priority Area	Ref	Annual Plan Commitments 2020/21 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	31 March progress update	RAG
	6	We will approach completion of our regeneration project at Coal Orchard , Taunton;	Substantial progress has been made, despite the challenges of the pandemic. The programme to regenerate one of Taunton's prime riverside quarters, which includes a mix of apartments, retail, workspace and restaurants, and incorporates a riverfront plaza with a stepped terrace to make the most of its position on the River Tone, is due for completion in May 2021. SWT's delivery partner for the project received a top accolade from an independent organisation raising standards in the construction industry. Midas Construction, part of the Midas Group, received a Certificate of Excellence from the Considerate Constructors Scheme for its care and respect towards the community, the environment, the site appearance and the work force.	Green
	7	We will jointly commission, and complete, a Strategic Outline Business Case for the re-opening of Wellington Railway Station .	The SOBC was completed and submitted to the Department for Transport. An announcement is expected in May 21 from the Restoring Your Railway panel, about which schemes are suitable to progress to the next stage of project delivery.	Green
	8	We will undertake works that provide a long term solution for the integrity of the harbour wall in Watchet , that enables it to meet the challenges of rising tidal levels in the future..	SWT has completed the £1m project to rebuild the Splash Point sea defence wall in Watchet. It has been a huge effort by designers, contractors, and staff, firstly to make a temporary repair and then to provide a permanent replacement	Green
	9	We will deliver against the Economic Development Strategy including the completion of a feasibility study for an innovation centre in the District	<p>The SWT Economic Recovery and Growth activity is underway, with a focus on 'lockdown' and 'restart' phases throughout 20/21, supporting local businesses impacted by Covid 19 restrictions and safely reopening High Streets following periods of lockdown in particular, through the 'Safeguarding and creating jobs in bedrock sectors' and 'Employment Skills and Inclusion' themes.</p> <p>Longer-term priority activities focussing on 'Revitalise and Grow' phases are included in the recently approved Somerset Recovery and Growth Plan, including 'Infrastructure to enable growth' (e.g., cycling, walking and broadband infrastructure and flood risk projects) and 'Creating attractive places and homes' (e.g., Town Centre regeneration and housing retrofit projects).</p> <p>Phase 1 of the Innovation Park feasibility study has been completed and approved by the Council's Executive, following nearly 6 months of analysis of SWT's innovation assets and research and development businesses and clusters where SWT has some critical mass. The work is now moving into the early implementation phase of establishing the Governance and cluster and innovation board structures.</p>	Green

Corporate Priority Area	Ref	Annual Plan Commitments 2020/21 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	31 March progress update	RAG
A Transparent and Customer Focused Council	10	Building on improvements introduced during 2019/20, to our housing repairs service , we will be focussing on offering our tenants a time and date for their repair, during the tenants first call with us; same day or a later date at the tenant's convenience and on improving the proportion of repairs which take place on the same day in which they were requested	This project has been delayed by a focus being prioritised on delivering emergency repairs and non-emergency external repairs during the Covid lockdown period. The required IT and scheduling processes are nevertheless being developed to enable us to implement improvements to the service during 2021.	Amber
	11	We will improve how we engage with our residents, businesses and tenants by modernising our communications approach .	We've recognised this year, more than ever, the importance of keeping our residents, business, visitors and other stakeholders informed and up to date with the latest Government advice and news from the Council. This year we have introduced a new e-communications tool that makes it even easier to stay connected, using our free subscription service, which can be accessed via our website. Residents, visitors and business owners can choose to receive regular newsletters by email; customised to their specific needs and interests. This has proven to be a very effective way of, ensuring that Government, Public Health and NHS messaging has been widely shared; included changes in restrictions, Test and Trace, vaccine roll out, re-opening our high streets as well as funding opportunities that have been made available by the government and the Council.	Green
	12	We will undertake elections to the Tenants Strategic Board and enable this group with Mod.gov technology to better support them to fulfil their role.	Candidate online applications were closed 9th February 2021, 11 applications were received, 1 application did not meet eligibility criteria. 10 applications were submitted for 10 spaces therefore an election was not required. Induction of new members will take place in April 2021 and the first online broadcast meeting will be held in May 2021 to agree a forward plan of business.	Green
	13	We will continue to review our processes in order to improve the customer experience, including making more of our services available online for those who can and wish to transact in this way.	A further 15 online services have been launched during the year, enabling residents and businesses to transact efficiently with the Council at times convenient to them. We have also developed simple on-line processes, at very short notice, for the application and award of various Covid-related business support grants throughout the year, which have enabled businesses within the district to access over £65m of vital grant support from the Council.	Green
	14	We will introduce a Member Equality Group to be ambassadors for those within our communities who may be at heightened risk of discrimination, to ensure their voices are consistently given prominence in all that the Council does.	On 7 September, the Audit, Governance & Standards Committee approved a recommendation for the creation of a joint Member and Officer Equalities group as a mechanism for providing additional focus on equalities matters both internally and externally. The group starting meeting from October 2020.	Green
	15	We want you to be able to follow and take part in the democratic decisions that affect you in SWT. We understand that not everyone is able to attend council meetings in person, which is why we will continue broadcasting key meetings on our website so that you can watch them online at any time, from anywhere.	Council meetings moved to virtual meetings, being live streamed throughout the periods of local and national Covid restrictions to enable the democratic process to continue in an inclusive and transparent way.	Green

Corporate Priority Area	Ref	Annual Plan Commitments 2020/21 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	31 March progress update	RAG
Homes and Communities	16	We will complete 8 new units of social housing in Laxton Road, Taunton;	The 8 units have been completed and are now let.	Green
	17	We will build at least 6 new modular and energy efficient homes for social rent;	The Councils' support for zero carbon homes has significantly increased over the past year. Approval and budget have now been secured to build 115 zero carbon homes. A procurement process for a constructor is underway.	Green
	18	We will commence the construction of 47 good quality, energy efficient homes as part of phase A of the North Taunton regeneration project;	Phase A commenced this year, with the demolition of 26 Woolaway homes which the Government has designated as defective, and the building of 47 new homes scheduled for completion by September 2022. SWT has now also approved funding to support all future phases of the North Taunton Woolaway Project, ultimately delivering a total of 227 new homes with affordable rents by 2027	Green
	19	We will increase the number of homelessness preventions within our area,	To increase the number of homeless prevention cases in our area we are adapting how cases are assessed by the Housing Options Service by introducing a robust prevention focussed triage system which identifies opportunities for early intervention to prevent homelessness. We can now refer cases to our Tenancy Sustainment Team who work with landlords and tenants to help preserve existing tenancies which are at risk, and our Private Rented Sector Team who work with landlords and letting agents to source suitable and sustainable properties for homeless households. This prevention focussed approach will reduce the use of temporary accommodation.	Green
	20	We will work with partners to put in place a stronger , more joined-up process for rough sleepers in our area.	<p>Early in the year we held workshops with partner agencies and homeless providers to consider how to improve pathways and support for homelessness. This evolved into the 'Better Futures for Vulnerable People in Somerset' report which was a Local Government Association (LGA) sponsored project and has been approved and adopted locally. One of the key outcomes for this has been the establishment of the Somerset Homelessness Reduction Board which has its first meeting in April 2021 and has a range of public sector partners and homelessness providers focussed on reducing homelessness and improving support for those affected.</p> <p>In March 2021, the Executive approved the Homeless Options Appraisal report which committed to ongoing support for homeless people accommodated under the 'Everyone In' initiative. This included a Homeless Accommodation Strategy which set out how we will find a long-term solution for those people currently accommodated at Canonsgrove as well as increasing and improving other homeless accommodation and support across the district.</p>	Green
	21	We will continue to work with developers to facilitate the provision of additional Affordable Homes ;	<p>The enabling team has continued to work with developers on increasing the share of affordable housing units and specialist housing units built in the district, with around 70 schemes in or approaching planning. The Council is also directly delivering social rented housing schemes.</p> <p>A budget for 54 zero carbon rented homes at Rainbow Way (off Seaward Way) was approved by Full Council and work is now progressing the plans. This is part of the Council's commitment to build 1,000 new homes across the district over the next 30 years, providing more housing to suit different members of the community.</p>	Green
	22	We will review our voluntary and community grants in order that they deliver value for our communities and align to the Council's priorities;	<p>We only undertook a light touch review due to Covid-19 however this gave us confidence that the current allocation provides value for money and is aligned with our corporate priorities. This was reported back to Full Council.</p> <p>A fuller review with a member working group will take place in 2021/22 to ensure that funds are best allocated to continue to reflect corporate aims as well as address new priorities such as Covid recovery.</p>	Amber
	23	We will identify, and deliver, a solution that improves CCTV equipment and monitoring for Watchet and Minehead ;	Existing equipment has been repaired and become operational again. We are working with partners to find the best solution for the long term which will look at integration with the rest of the CCTV suite.	Amber
24	We will implement a Public Space Protection Order in order to help fight against anti-social behaviour in Taunton.	We reviewed this in depth and following consultation with the Police, town councils and the portfolio-holder we agreed that the Police had more appropriate tools and powers and therefore a decision was reached not to renew the existing PSPOs for alcohol.	Green	

Corporate Priority Area	Ref	Annual Plan Commitments 2020/21 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	31 March progress update	RAG
An Enterprising Council	25	We will continue the programme of acquiring income generating property assets which will also help support the funding of service delivery to our communities;	Acquisitions are broadly in line with anticipated targets.	Green
	26	We will commence collaboration with the Somerset District Councils to deliver a more efficient, sustainable, but locally accountable, system of local Government in the county that will work better for our communities;	Somerset West & Taunton Council, Mendip District Council, Sedgemoor District Council and South Somerset District Council have together launched Stronger Somerset – an exciting and ambitious strategy to reform local government in Somerset. Our proposal, and that of the County Council, has been submitted to Government for consideration. We anticipate receiving the Secretary of State's decision on the structure of local government in Somerset during Summer 2021.	Green
	27	We will let further empty space within our offices at Taunton and Williton , making better use of public resources and delivering extra income to the Council;	We have completed a lease to Avon & Somerset Police for part of West Somerset House, Williton. We have also agreed terms for the letting of the majority of the unallocated ground floor space at Deane House to the National Probation Service, building on the earlier letting of other parts of the ground floor to Avon & Somerset Police and Meridian Business Support respectively.	Green
	28	We will review our land and property assets to identify further opportunities to better support the achievement of the council's objectives (including service delivery, regeneration projects and community initiatives).	We have commenced a review of our land and property assets to actively look for opportunities to use, acquire or dispose of assets in order to support regeneration or community opportunities. During the year SWT acquired the green space adjacent to Tonedale Mill, Wellington, following its designation as an Asset of Community Value. Following the acquisition SWT has been working alongside Wellington Mills CIC and Transition Town Wellington to protect the Field as an open, green space for the whole community. The Council has also secured significant funding from Historic England to begin a programme of works to enhance both the archaeology and ecology of Norton Fitzwarren Hillfort. This is in addition to funding received in 2018 for SWT to acquire the site.	Green

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 13

Document is Restricted

