

SWT Executive

Wednesday, 15th December, 2021,
6.15 pm



Somerset West
and Taunton

The John Meikle Room - The Deane
House

[SWT MEETING WEBCAST LINK](#)

Members: Federica Smith-Roberts (Chair), Derek Perry (Vice-Chair),
Chris Booth, Dixie Darch, Caroline Ellis, Ross Henley,
Marcus Kravis, Mike Rigby, Francesca Smith and
Andrew Sully

Agenda

1. Apologies

To receive any apologies for absence.

2. Minutes of the previous meeting of the Executive

To approve the minutes of the previous meeting of the
Committee.

(Pages 7 - 12)

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 within the John Meikle Meeting Room at the Deane House, Belvedere Road, Taunton. Unfortunately due to capacity requirements, the Chamber at West Somerset House is not able to be used at this current moment.

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 in 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 Governance and Democracy Case Manager). 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. Executive Forward Plan** (Pages 13 - 14)

To receive items and review the Forward Plan.

- 6. Draft 2022/23 General Fund Budget Update** (Pages 15 - 26)

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

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

- 7. Draft 2022/23 Housing Revenue Account Budget Update** (Pages 27 - 40)

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

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

- 8. 2021/22 General Fund Financial Monitoring as at Quarter 2 (30 September 2021)** (Pages 41 - 62)

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

This report provides an update on the projected outturn financial position of the Council's General Fund for the financial year 2021/22 (as at 30 September 2021 forecast).

9. 2021/22 Housing Revenue Account Financial Monitoring as at Quarter 2 (30 September 2021) (Pages 63 - 78)

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

This report provides an update on the projected outturn financial position of the Council's Housing Revenue Account for the financial year 2021/22 (as at 30 September 2021).

10. Corporate Performance Report, Quarter 2 2021/22 (Pages 79 - 100)

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

This paper provides an update on the council's performance for the first half of the 2021/22 financial year (1st April 2021 – 30th September 2021).

11. Access to Information - Exclusion of the Press and Public

During discussion of the following item it may be necessary to pass the following resolution to exclude the press and public having reflected on Article 13 13.02(e) (a presumption in favour of openness) of the Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. Executive will need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

Recommend that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the ground that it involves the likely disclosure of exempt information as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

12. Lease of Monkton Country Park (Pages 101 - 114)

This matter is the responsibility of Executive Councillor for Asset Management and Economic Development, Councillor

Marcus Kravis.

The report seeks approval to lease the Monkton Country Park, by entering into a joint lease agreement with Cheddon Fitzpaine Parish Council and West Monkton Parish Council.

A handwritten signature in black ink, appearing to read 'A Pritchard', with a horizontal line underneath.

**ANDREW PRITCHARD
CHIEF EXECUTIVE**

Please note that this meeting will be recorded. 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 taking part in the Council Meeting 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.

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

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

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

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

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

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

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 in 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 Governance and Democracy Case Manager). 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).

Full Council, Executive, and Committee agendas, reports and minutes are available on our website: www.somersetwestandtaunton.gov.uk

For further information about the meeting, please contact the Governance and Democracy Team via email: governance@somersetwestandtaunton.gov.uk

If you would like an agenda, a report or the minutes of a meeting translated into another language or into Braille, large print, audio tape or CD, please email: governance@somersetwestandtaunton.gov.uk

SWT Executive - 17 November 2021

Present: Councillor Federica Smith-Roberts (Chair)

Councillors Derek Perry, Chris Booth, Caroline Ellis, Ross Henley, Marcus Kravis, Mike Rigby, Francesca Smith and Andrew Sully

Officers: James Barrah, Andrew Pritchard (Chief Executive), Paul Fitzgerald, Alison Blom-Cooper, Chris Brown, Sam Murrell, Clare Rendell, Lisa Tuck, Mark Wathen, Fiona Webb, Scott Weetch and Jane Windebank

Also Present: Councillors Simon Coles, Habib Farbahi, Libby Lisgo, Janet Lloyd, Ray Tully, Sarah Wakefield and Loretta Whetlor

(The meeting commenced at 6.15 pm)

52. **Apologies**

An apology was received from Councillor Dixie Darch.

53. **Minutes of the previous meeting of the Executive**

(Minutes of the meeting of the Executive held on 20 October 2021 circulated with the agenda)

Resolved that the minutes of the Executive held on 20 October 2021 be confirmed as a correct record.

54. **Declarations of Interest**

Members present at the meeting declared the following personal interests in their capacity as a Councillor or Clerk of a County, Town or Parish Council or any other Local Authority:-

Name	Minute No.	Description of Interest	Reason	Action Taken
Cllr C Booth	All Items	Wellington and Taunton Charter Trustee	Personal	Spoke and Voted
Cllr S Coles	All Items	SCC & Taunton Charter Trustee	Personal	Spoke
Cllr C Ellis	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr L Lisgo	All Items	Taunton Charter Trustee	Personal	Spoke
Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke
Cllr D Perry	All Items	Taunton Charter	Personal	Spoke and Voted

		Trustee		
Cllr M Rigby	All Items	SCC & Bishops Lydeard	Personal	Spoke and Voted
Cllr F Smith	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr F Smith-Roberts	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr R Tully	All Items	West Monkton	Personal	Spoke
Cllr L Whetlor	All Items	Watchet	Personal	Spoke

55. **Public Participation**

No members of the public had requested to speak on any item on the agenda.

56. **Executive Forward Plan**

(Copy of the Executive Forward Plan, circulated with the agenda).

Councillors were reminded that if they had an item they wanted to add to the agenda, that they should send their requests to the Governance Team.

Resolved that the Executive Forward Plan be noted.

57. **Scrutiny Recommendations**

During the discussion, the following points were raised:-

- Councillors queried whether the deadline for the conference would be achievable and whether there would be enough planning time to allow the event to take place.
The Portfolio Holder for Asset Management and Economic Development advised that they had given a lot of thought to the deadline and agreed it would be a tight timescale but that he did not want to lose momentum on the project.
- Councillors queried whether the funding for the conference work would go through the normal business case process and then onto Full Council for approval.
The Portfolio Holder for Asset Management and Economic Development confirmed that they would follow the democratic processes for approval. The Section 151 Officer further advised that they needed to ensure that the relevant resource was available for recommendation 2.2.
- Councillors suggested a disclaimer was added to the report to advise that some businesses may no longer be 'live' or trading.
- Concern was raised on what would happen after 2023 when the Unitary Authority was formed.
- Councillors urged officers to spend money on a venue located in central Taunton.
- Councillors wanted the whole district involved but highlighted that Taunton was the centre and where the emphasis should be placed.

- Councillors agreed that it was an exciting opportunity for the District to capitalise on innovation.
- Councillors agreed that they wanted Somerset West and Taunton to take the lead on innovation in the area.
- Councillors wanted to encourage young professionals to move to the area.
- Councillors wanted to promote businesses and growth.
- Councillors thanked officers for all their work so far.

Resolved that the Executive approved:-

- 2.1 To progress the work identified in the 'Developing the Innovation Ecosystem in Somerset West and Taunton – Framework for Action' report and not to carry out an additional feasibility study for an innovation hub in Taunton, however;
- 2.2 As part of Somerset West and Taunton Council's role as an enabler to deliver the space necessary for research and innovation within the district, the Council would as part of the work of enabling the development of innovation assets to the next level, would finance and host a R&I Conference in Taunton by or during the summer 2022, which would bring together business, academia, developers, investors and the wider industries in order to progress development of R&I assets in Taunton and the wider district.

Councillor Marcus Kravis left the meeting.

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

During the discussion, the following points were raised:-

- Councillor Ross Henley was not present for the debate.
- Councillors thanked the Portfolio Holder for Community and the Working Group for all their hard work.
- Councillors agreed that funding was important to the many community groups in the area.
- Concern was raised that there was a lot of uncertainties for community groups in the future.
- Councillors suggested that they were given 6 monthly updates, so that they could support officers and give updates to their local groups to answer any queries they might have.
- Councillors agreed that although the funding was not a statutory function, it benefited those who were in need across the district and so therefore was 'priceless'.

Resolved that the Executive approved:-

- 2.1 The schedule of grants set out within the table 'Proposed Voluntary and Community Sector Grants 2022/23' in section 6.2 of the report; and
- 2.2 That councillors would be given 6 monthly updates on the funding review to assist with queries raised by community groups.

59. **Somerset West and Taunton Districtwide Design Guide - Review of Public Consultation and Adoption as Supplementary Planning Document**

During the discussion, the following points were raised:-

- Agenda items 7 and 8 were debated together.
- Councillors agreed that the Design Guides were very useful documents, which would make developers take local identity into account when drawing up their plans.
- Councillors agreed that local identity was very important, and that they wanted to see well designed properties in the area.
- Councillors wanted to ensure the local heritage was taken into consideration in local developments.
- Councillors agreed that the quality of the built environment was very important.

Resolved that the Executive:-

- 1) Approved that the Somerset West and Taunton Districtwide Design Guide be taken to Full Council for adoption as a Supplementary Planning Document and for endorsement as a material planning consideration for the preparation of masterplans, pre-application advice, assessing planning applications and any other development management purposes within the District.
- 2) Noted the outcomes of the public consultations on the draft Somerset West and Taunton Design Guide, undertaken 3 February to 30 March 2020, 11 December to 5 February 2021 and 5 July to Monday 16 August 2021 as set out in the consultation statement in Appendix 1 of the report.
- 3) Agreed that the Director of Development and Place, in consultation with the Planning and Transport Portfolio Holder be authorised to approve and make minor amendments, prior to the final publication of the Somerset West and Taunton Districtwide Design Guide.
- 4) Agreed the creation and launch of a Districtwide 'Quality of Place' award scheme. This would be linked to the Somerset West and Taunton Districtwide Design Guide, the Taunton Garden Town Vision, and the Taunton Garden Town Design Charter and Checklist.

60.

Public Realm Design Guide for Taunton Garden Town - Review of Public Consultation and Adoption as Supplementary Planning Document

Resolved that the Executive:-

- 1) Approved that the Public Realm Design Guide be put forward to Full Council for adoption as a Supplementary Planning Document and a material planning consideration in the preparation of masterplans, pre-application advice, assessing planning applications and any other development management purposes within Taunton Garden Town.
- 2) Having considered the consultation responses, noted the outcomes of the consultations on the draft Public Realm Design Guide for Taunton Garden Town, undertaken 3 February to 30 March 2020, 11 December to 5 February 2021 and 5 July to Monday 16 August 2021 as set out in the consultation statement in Appendix 1 of the report.
- 3) Agreed that the Director of Development and Place in consultation with the Planning and Transport Portfolio Holder be authorised to approve and

make minor amendments to the Public Realm Design Guide for Taunton Garden Town Supplementary Planning Document prior to the final publication.

61. **Access to Information - Exclusion of the Press and Public - appendices 3, 6 and 7 only**

Resolved that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business (appendices 3, 6 and 7 only) on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

62. **North Taunton Woolaway Project - Authorisation to make a Compulsory Purchase Order**

During the discussion, the following points were raised:-

- Concern was raised on the residents who lived in the project area and whether they would be placed into gold band on the Homefinder register if they were required to move out.
The Development Manager confirmed that residents who fell into the 'live decant' category would be placed into the gold band.
- Councillors queried whether carbon neutral designs would be used and whether the Design Guides would influence the plans.
The Development Manager advised that the current carbon neutral processes would be used and that officers had used the Design Guide to input what materials were used in the plans.
- Councillors were reassured that the report would only be used as a precautionary measure and that the tenants involved in the project had given their support.
- Councillors were pleased to see the project works were underway and progress was being made.
- Councillors thanked the Project Team for all the support they had given to the local residents.
- The Portfolio Holder for Housing thanked everyone for their comments and the officers for all their hard work.

Resolved that the Executive approved the purchase of the private dwellings as set out in confidential Appendix 7.

(The Meeting ended at 7.45 pm)

EXECUTIVE

Executive Meeting	Draft Agenda Items	Lead Officer
15 December 2021	GF Financial Performance 2021/22 Q2	Kerry Prisco
venue =	HRA Financial Performance 2021/22 Q2	Kerry Prisco
Exec RD = 3 December	Corporate Performance Report Q2	Malcolm Riches
Informal Exec RD = 2 November	Housing Revenue Account 2022/23 Draft Budget Update	Kerry Prisco
SMT RD = 20 October	General Fund 2022/23 Draft Budget Update	Emily Collacott
	Lease of Monkton Heathfield Country Park Report	Sally Stark
19 January 2022	Housing Revenue and Capital Budget Setting 2022/23 including Dwelling Rent Setting 2022/23 and 30 Year Business Plan Review	Paul Fitzgerald
venue =	SWP Business Plan	Stuart Noyce/Mickey Green
Exec RD = 7 January	Litter Strategy	Vicky Lowman/Stuart Noyce
Informal Exec RD = 30 November	External Litter Enforcement One Year Trial	Vicky Lowman/Stuart Noyce
SMT RD = 17 November	Taxi Fares	John Rendell
Budget - 9 February 2022	General Fund Revenue Budget and Capital Estimates 2022/23	Paul Fitzgerald
venue =	Council Tax Setting 2022/23	Paul Fitzgerald
Exec RD = 28 January	NO MORE ITEMS	
Informal Exec RD = 4 January	Special Meeting	
SMT RD = 8 December		
16 February 2022		
venue =		
Exec RD = 4 February		
Informal Exec RD = 4 January		
SMT RD = 8 December		
16 March 2022	Financial Performance 2021/22 Q3	Emily Collacott
venue =	Capital, Investment and Treasury Strategy 2022/23	Paul Fitzgerald
Exec RD = 4 March	Corporate Performance Report Q3	Malcolm Riches
Informal Exec RD = 1 February	CCTV	Sally Parry/Scott Weetch
SMT RD = 19 January	Longforth Masterplan	Sarah Povall

20 April 2022	Tower Street	Natalie Kirbyshire
venue =		
Exec RD = 6 April		
Informal Exec RD = 8 March		
SMT RD = 23 February		

Report Number: SWT 117/21

Somerset West and Taunton Council

Executive – 15 December 2021

Draft 2022/23 General Fund Budget Update

This matter is the responsibility of Executive Councillor Henley, Corporate Resources

Report Author: Emily Collacott, Lead Finance Business Partner and Deputy S151 Officer

1 Executive Summary

- 1.1 The purpose of this report is to provide Members with an update on progress regarding Budget Setting for 2022/23, the latest Medium Term Financial Plan (MTFP) forecasts, and the areas to be finalised.
- 1.2 The Council's initial MTFP (July 2021) projected an early indicative balanced budget for 2022/23, utilising a significant £3.7m of one-off funding from general and earmarked reserves in line with the agreed financial strategy. Following further review of the baseline budgets and up to date information some further pressures and savings have been identified for inclusion in the MTFP, leading to an increase in the budget gap of £963k in 2022/23. Plans to mitigate this additional financial pressure will be included in the Draft Budget report to Members in the new year.
- 1.3 It is anticipated that 2022/23 will be the final budget year for Somerset West and Taunton as a district Council with its assets, liabilities, and functions due to transfer to the new Somerset unitary council once it is created. The MTFP is therefore prepared on a shorter term basis including an indicative forecast of SWT costs in 2023/24. Currently the forecast budget gap in 2023/24 is £6.4m including the additional net pressures that are ongoing.
- 1.4 The budget planning process is ongoing and there remains some areas where estimates are to be finalised therefore the estimated Gap is likely to change and will be reflected in the final draft Budget. The Executive is due to recommend its final budget proposals to Full Council in February 2022.

2 Recommendations

- 2.1 This report is to be noted as the updated estimates for the 2022/23 Budget and latest Medium Term Financial Plan forecasts, and the areas to be finalised.

3 Risk Assessment

- 3.1 There remain some key risks within the budget and medium term forecasts. These are summarised in section 10 of the report.

4 Background and Full details of the Report

- 4.1 The Financial Strategy for Somerset West and Taunton Council (SWT) was approved by the Executive on 21 July 2021. This report outlined the Council's approach to developing the 2022/23 budget and provided Members with an update on the Medium Term Financial Position (MTFP) forecasts.
- 4.2 Since then officers have been reviewing the detailed budget estimates taking into account the underspends and overspends identified in the 2020/21 outturn, ongoing reviews of base budget estimates for services, and the changing economic climate. This has identified some changes to the base budget which are reflected in the updated MTFP figures below. The most significant change relates to the major reduction in car parking income which currently appears to be sustained following the 4th national lockdown earlier this year. Reducing the budget for parking income is prudent however it should be noted there is a higher than normal margin for error in forecasts which will be considered when assessing adequate minimum reserves.
- 4.3 There are still some items which are unknown at this stage of the budget process. These are covered in section 9.
- 4.4 The Financial Strategy and MTFP in July showed a provisional balanced position up to 2022/23, with a predicted budget gap of £4.949m for 2023/24. This large gap in 2023/24 is mainly driven by the expected reduction in business rates and new homes bonus grant funding plus the impact of ongoing costs that will be funded by one-off use of reserves in 2022/23. A mixture of unavoidable pressures and identified base budget savings have been identified and these have now been incorporated into the MTFP resulting in a further budget gap of £963k:

Table 1 - Summary 2022/23 Budget Gap Reconciliation

	£k	£k
2022/23 Budget Gap as reported as per Financial Strategy		0
Service Cost Pressures:		
Car Parking income – assumption that parking income improves on current demand but remains approximately 25% lower than base budget.	1,475	
21/22 Proposed Pay Award – the current proposed pay award is now 1.75% (previous estimate 1.5%)	76	
Leisure Contract savings deferred	135	
Staff Costs	437	
Health and Safety	28	

	£k	£k
Water Sampling	10	
Contract increases	123	
Legacy investment rent income decrease	13	
Homelessness	113	
Other various minor pressures	98	
Subtotal – Service Cost Pressures		2,508
Service Cost Savings:		
Remove Asset Maintenance Increase	-298	
CCTV savings	-73	
Asset rents (non-investment)	-253	
Other various minor savings	-116	
Subtotal – Service Cost Savings		-740
Other Items		
COVID Grant Earmarked Reserve	-135	
Homelessness Reserves/Grants	-113	
BRR Reserve to offset updated Collection Fund Deficit	-22	
Estimated BRR Pooling Gain	-250	
Council Tax Grant	-39	
Reduction in RCCO for Desktop Hardware Replacement	-130	
Council Tax Base Provisional Calculation increase	-116	
Subtotal – Other Items		-805
2022/23 Latest Budget Gap Estimate November 2021		963

- 4.5 The following table sets out a summary of the updated Medium Term Financial Plan for Somerset West and Taunton as at November 2021.

Table 2 – Updated MTFP Summary 2022/23 – 2023/24 (November 2021)

	2021/22 £k	2022/23 £k	2023/24 £k
Total Spending on Services	21,020	23,664	23,524
Investment Properties	-5,562	-7,157	-7,327
Net Financing Costs	1,903	3,624	4,307
SRA Contribution	98	99	100
Special Expenses	29	29	30
Earmarked Reserves	2,415	-3,442	-15
General Reserves	-1,160	-1,000	0
Net Expenditure	18,743	15,817	20,619
Retained Business Rates	-6,182	-4,199	-4,281
Business Rates Pooling	-250	-250	0
Business Rates prior year deficit	12,556	1,953	1,331
Business Rates S31 Grant	-12,117	-1,474	-897
Additional Grants (COVID)	-1,221	0	0
Revenue Support Grant	-6	-6	-6

	2021/22 £k	2022/23 £k	2023/24 £k
Rural Services Delivery Grant	-253	-253	-253
New Homes Bonus	-1,743	-851	0
Council Tax	-9,490	-9,797	-10,092
Council Tax–Special Expenses	-29	-29	-30
Council Tax prior year surplus	-8	52	53
Net Funding	-18,743	-14,854	-14,175
Budget Gap	0	963	6,444
Gap – Change on Previous Year	0	963	5,481

Note: The 2021/22 figures are based on the revised budget as per the Financial Strategy.

5 Local Government Reorganisation in Somerset

- 5.1 The current draft MTFP does not yet include any allowance for transitional costs related to implementing the new unitary council for Somerset.
- 5.2 The County Council and four district councils in Somerset have agreed to form the Local Government Reorganisation Joint Committee (LGRJC) (see SWTC Executive Committee 20 October 2021). The LGRJC will consider the principles and basis for cost sharing and make requests of the five Councils pending the statutory provisions that are due to guide the process. Initial estimates indicate that Members should prepare for a request above £0.9m as a contribution towards the estimated £16.5m implementation costs as identified in the One Somerset Business Case. On this basis it is proposed to plan for costs of up to £1m allowing for a small contingency.
- 5.3 In addition, it is anticipated that additional capacity will be required within Somerset West and Taunton Council to mitigate the impact of transition on ‘business as usual’ service delivery. Initial estimates suggest it would be prudent to allow a one-off budget of £375k for this purpose.
- 5.4 Based on the above, it is anticipated that an additional one-off funding requirement will need to be included in the final proposed budget for 2022/23, indicatively estimated to be £1.375m. Subject to final budget proposals it is assumed this one-off additional cost will need to be funded from General Reserves in 2022/23 as it is not currently affordable within the base budget without further savings. This will be finalised and clarified as part of the draft budget report in January.

6 Closing the Gap

- 6.1 The agreed financial strategy for SWT plans to use £3.7m of reserves (funded by business rates gains, treasury and investment savings) towards balancing 2022/23 on a one-off basis. Reserves will therefore fund approximately 15% of service

costs next year. The underlying financial pressure will remain (and increase) in 2023/24. The approach adopted recognises that significant savings are expected to follow in subsequent years through the implementation of a unitary council, and it would be counter-productive to pre-empt service priorities and operational design in advance of the implementation programme. Despite this approach it is important that leadership focusses on sustainable options as a minimum to counter the gap increase for 2022/23.

- 6.2 Equally there are currently significant uncertainties regarding funding with the Spending Review (SR) due to be announced on 27 October 2021, and the provisional settlement due in December. There is £2m of one-off funding in 2021/22 (COVID emergency funding £813k, Lower Tier Services Grant (LTSG) £995k, Local Council Tax Support (LCTS) tax base compensation £225k). It is prudently assumed none of this funding continues in 2022/23, in the absence of information to the contrary. In addition, it is assumed we will only receive the final legacy payment for New Homes Bonus Grant income, which is a reduction of £892k compared to 2021/22. The funding position will not be known with certainty until the Provisional Settlement is announced in December.
- 6.3 The leadership team and Executive will finalise proposals to close the additional gap and share this for consultation with members through the draft budget report to Corporate Scrutiny Committee on 26 January 2022. Within the terms of the voluntary LGRJC formed by the 5 councils, it is agreed that the draft budget plans will also be shared with the LGRJC on a voluntary basis and the SWT Council should consider the feedback from the Joint Committee when making its decisions.

7 General Reserves

- 7.1 General Reserves are currently estimated to be at £5.793m at 31st March 2022. The financial strategy includes using £1m of General Reserves in 2022/23 which would reduce the balance to £4.793m.

Table 3 – GF General Reserve Balance

	Approval	£000
Balance Brought Forward 1 April 2021		7,914
2021/22 Original Budget Transfer from Reserve	Council 18/02/21	-1,160
Supplementary Budget - Local Poll	Council 04/05/21	-86
Supplementary Budget - Phosphates	Executive 21/07/21	-200
Supplementary Budget - Health & Safety	Executive 21/07/21	-126
Supplementary Budget - Parks & Open Spaces	Executive 21/07/21	-100
Supplementary Budget - Asset Management	Executive 21/07/21	-150
Supplementary Budget - Asset Management Compliance	Executive 21/07/21	-100
Supplementary Budget - Revenues Service Capacity	Executive 21/07/21	-130
Supplementary Budget - Business Intelligence Capacity	SMT 23/06/21	-50
Supplementary Budget - Project Management Resources	Director/S151 15/07/21	-19

Current Balance		5,793
Planned Use of Reserve in 2022/23 for Base Budget		-1,000
Projected Balance 31 March 2023		4,793
Recommended Minimum Balance		2,400
Projected Balance above Minimum Reserve Balance		2,393

- 7.2 The table above does not include the anticipated requirement for £1.375m to fund LGR transitional costs including additional capacity within SWTC services (see section 5 above). This would reduce the Projected Balance to c£3.4m.
- 7.3 Equally the table does not include the outturn for 2021/22 financial year, which is currently projected to report an underspend as per the Quarter 2 report. This will be updated and only known with certainty at the end of the financial year.
- 7.4 The S151 Officer advises that it is prudent to retain headroom within the general reserves balance to mitigate financial risks and volatility in the lead up to formation of the new unitary council.
- 7.5 The current recommended Minimum Reserve Balance is £2.4m. The S151 Officer will review the minimum reserve requirement in February 2022 as part of the final budget recommendations.

8 Council Tax

- 8.1 The assumptions used have not changed for Council Tax Charge increases. For financial planning purposes it has been assumed Council Tax Charges will increase by 1.99% each year. This is subject to consideration by the Executive through the budget process, which will formally recommend its Council Tax proposals to Council each February as part of the Budget report. It is not known at this stage whether the Secretary of State will continue the option for the 'threshold for excessive council tax increases' for shire districts to increase tax by up to £5 (on a Band D charge). This is subject to confirmation annually through the Finance Settlement.
- 8.2 The provisional estimate of the Council Tax Base has been calculated resulting in an increase to the base providing £116k more income. The final Council Tax Base is due to be approved by the s151 officer in December 2021 and any changes will be reported in the next budget update report.

9 Areas Still to be Completed

- 9.1 Budget Holders put forward their proposals for Fees and Charges and the impact of these is being reviewed by Finance. The S151 Officer has delegated authority to agree these (with the exception of Parking Charges) and an update will be provided within the next budget update report.
- 9.2 The Business Rates Retention provisional estimates will be completed in January

2022. It is unlikely this will affect the current draft estimate significantly based on current information; however, this is a complex calculation and also subject to change following the Provisional Local Government Finance Settlement.

- 9.3 Capital financing costs and investment income estimates will be finalised in December as draft capital plans are agreed.
- 9.4 Savings options and plans to mitigate the additional financial pressures identified in this report.
- 9.5 Completion of review of earmarked reserves, which could see changes in levels of contingencies required and potentially the release of funds to General Reserves if no longer required for their original purpose.

10 Risk, Opportunities and Uncertainty

- 10.1 Ongoing risks and uncertainty for the budget at this stage include:
 - a) **Not achieving the efficiency savings target within the Financial Strategy:** It is essential that work progresses to meet the savings targets included in the Draft Budget and that the Council delivers efficiencies to meet this target.
 - b) **Commercial Strategy:** The MTFP includes estimates of total investment income and financing costs on the assumption the £100m fund is fully invested. Budget estimates will be updated in December to reflect the position of the Fund at that stage.
 - c) **Local Government Finance Settlement (LGFS):** We have not yet received the Provisional Finance Settlement and are expecting this in late December 2021/early January 2022. The funding projections within the MTFP are based upon prudent estimates. There is significant uncertainty around this in terms of core funding and any additional funding towards the ongoing impacts of the pandemic on local government costs and income.
 - d) **New Homes Bonus (NHB):** A Government consultation on the future of New Homes Bonus closed on 7 April 2021. If the calculation method is unchanged for 2022/23 the NHB annual increment could be up to £700k more than our current budget estimate. However, the Consultation indicated the level of grant will be reduced and may be targeted differently, and that legacy payments will not be reintroduced. Government has yet to provide an update on Policy or grant method following the consultation, but it is prudent to assume no additional grant until Government provides a clear position. It is recommended by the S151 Officer that if NHB income in 2022/23 is greater than current forecast the increase is fully allocated towards the annual budget and reduce the gap in 2022/23.

- e) **Business Rate Retention (BRR):** The annual budget estimate return is due to be completed in January 2022 and therefore the forecast for BRR income could change for 2022/23, although it is unlikely the funding forecast will change significantly with net BRR projected to be at the Safety Net.
- f) **Council Tax:** The budget for council tax income is subject to the completion of the final Tax Base in December and the approved rate of tax increase in February 2022. Any variation from current assumptions will affect Council Tax income estimates.
- g) **Fees & Charges:** Proposals for 2022/23 fees and charges are currently being prepared by service managers and the finance team. Final proposals may impact on the current estimated income for next financial year and will be confirmed in the next budget report.
- h) **Business Rates Pooling:** SWT will not operate within the Somerset Business Rates Pool in 2022/23, with the Council exiting the Pool on 31 March 2022. This is to de-risk the Pool from the major reduction in business rates income following the expected decommissioning of Hinkley Point B nuclear power station. The remaining Pool members (Somerset County Council and the other three district councils) have agreed that SWT will receive a contribution from 2022/23 pooling gains in lieu of agreement to exit the pool. The actual pooling gain share will not be confirmed until the end of 2022/23 financial year with the draft budget based on a reasonable estimate.
- i) **Review of minimum reserves:** The S151 Officer will review reserves as part of the budget setting process in February 2022 to ensure reserves remain robust.
- j) **Collection Fund Surplus/deficit –** This will be finalised in mid-January and therefore the estimates included in the MTFP could change.
- k) **Minimum Revenue Provision (MRP):** This is being reviewed and will be addressed in the final budget report.
- l) **B&B Homelessness:** The budget for temporary accommodation, and the wider housing options service, is demand led and relies significantly on specific grant funding. Grant funding tends to be announced one year at a time or is subject to successful bidding. Income for the service as well as demand led costs are therefore both subject to volatility.
- m) **Inflation on Major Contracts:** Final budget estimates for some of the Council's major contracts will not be agreed until later this calendar year. The MTFP includes an estimated increase for our major contracts and any further changes will be reflected in further reports.

- n) **IFRS 16 Leases:** Work is currently being undertaken on the impact of this new financial reporting standard. This changes the means by which the authority accounts for many of its contracts for items such as equipment, photocopiers, vehicles etc. They become leases featuring on the Council's Balance Sheet. Whilst the total cost to the Council over the life of a given contract is expected to remain unchanged, there will be some variation in the profile and appearance of costs in the Council's budgets and accounts in future years. Until relevant contractual rent agreements have been identified and assessed, it will remain uncertain what direct impact there will be on the budgets and accounts. Completion of this work is envisaged in early 2022.

11 2022/23 General Fund Capital Programme

- 11.1 The Council set a two-year capital programme in February 2021 therefore bids have not been requested this year. Officers are reviewing the programme and if there are any unavoidable items that need to be considered these will be included in further budget update reports.

12 Next Steps

- 12.1 The Leadership Team and Executive will prepare options to close the increased 2022/23 Budget Gap, which will be presented to Members within the next report.
- 12.2 The Finance Team will continue to finalise remaining budget estimates where work is in progress.
- 12.3 The Spending Review and Provisional Settlement will be reviewed, and budgets updated with new information as it emerges.
- 12.4 Final Draft Budget reports will be submitted to Members as follows:

26 January 2022	Corporate Scrutiny	Draft Budget and MTFP 2022/23
Date TBC	LGR Joint Committee	Draft Budget and MTFP 2022/23
9 February 2022	Executive	Final Draft Budget recommendation
24 February 2022	Full Council	Final Budget Approval Council Tax Resolution Approval

13 Links to Corporate Strategy

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

14 Finance / Resource Implications

- 14.1 The Council's financial position is set out above within the body of this report.
- 14.2 It is important that Councillors have a good understanding of the financial position

and forecasts over the medium term and consider ongoing financial sustainability of services in financial decision making. There is an important added factor in that future service design and priorities will be led through the implementation one of the workstreams. This has a strong influence on the Council's short term financial strategy, but Members should also consider the legacy financial position in 2023/24 when considering budget options.

15 Legal Implications

- 15.1 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.

16 Climate and Sustainability Implications

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

17 Equality and Diversity Implications

- 17.1 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.

18 Partnership Implications

- 18.1 The Council's budget includes significant expenditure on services provided by other key partners such as Somerset Waste Partnership, SHAPE Legal Partnership and Somerset Building Control Partnership.

19 Scrutiny Comments / Recommendations

- 19.1 The report was considered by the Corporate Scrutiny Committee on 1 December and the recommendation supported.
- 19.2 The main comments and questions were:
- a) When do we hope to get the finance settlement? The s151 officer hopes to receive this in mid-December.
 - b) The process of setting a budget in the context of LGR was discussed. The CEO explained that the process for setting the budget for 2022/23 for SWT would be the same as previous year, with Directorate plans being funded by a balanced budget. It was agreed that a Member budget briefing in the context of LGR would be arranged for January.

- c) The impact of COVID, Government Support for Business Rates Relief and saving options were discussed. The s151 officer confirmed the government intention to fund the covid-related business rate relief though we are awaiting details for this. COVID has had an impact upon the Council's budget but the Committee were also reminded that future Business Rates income will drop for the Council due to Hinkley B decommissioning in 2022. The management team are working with the Executive on options to close the gap and these will be presented in January to Corporate Scrutiny.
- d) Is there a secondary impact of COVID in relation to Businesses closing? The Council makes reasonable estimates in the forecasting of business rates to take this into account though SWTC is proposing to budget at the "safety net" level within the MTFP for 2022/23 and therefore our business rates funding levels should not be lower than the figures currently within the MTFP (pending the Settlement).

Democratic Path:

- **Corporate Scrutiny – 1 December 2021**
- **Executive – 15 December 2021**
- **Full Council – No**

Reporting Frequency: Ad-hoc

Contact Officers

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

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

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

Report Number: SWT 118/21

Somerset West and Taunton Council

Executive – 15 December 2021

Draft 2022/23 Housing Revenue Account Budget Update

This matter is the responsibility of Executive Councillor Smith, Housing

Report Author: Kerry Prisco, Management Accountant & Reporting Lead

1 Executive Summary

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

2 Recommendations

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

3 Risk Assessment

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

4 Background and Full details of the Report

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

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

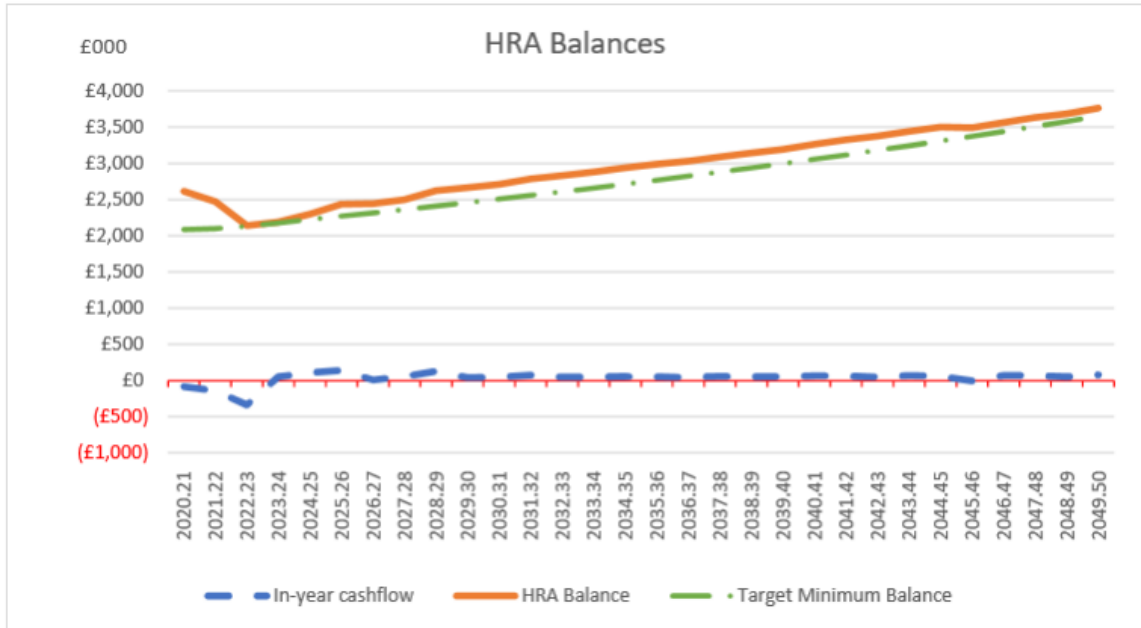
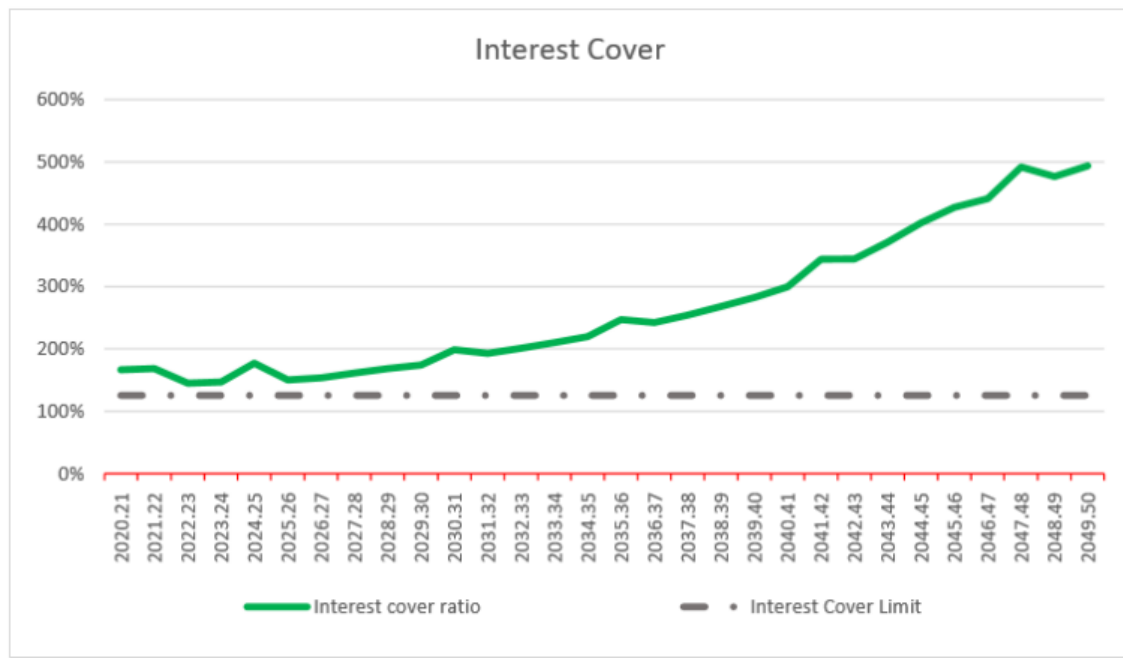


Table 2: HRA Interest Cover as at 2020/21 Projections



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

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

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

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

working hard to address.

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

Table 4: Summary 2022/23 Budget Gap Reconciliation

	£k	£k
2021/22 Balanced Budget		0
<i>Service Cost Pressures:</i>		
Net of Interest Payable / Receivable	131	
Net of Staff Growth / Savings	157	
21/22 Proposed Pay Award of 1.75%	116	
22/23 Proposed Pay Award of 2%	137	
National Insurance of 1.5%	48	
Shared Support Staff charged to the HRA	33	
Pension Deficit charged to the HRA	16	

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

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

5 Closing the Gap

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

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

6 HRA Reserves

HRA Unearmarked Reserves

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

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

Table 5: HRA Unearmarked Reserve Balance

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

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

HRA Earmarked Reserves

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

Table 6: HRA Earmarked Reserve Balance

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

7 Areas Still to be Completed

- 7.1 Budget Holders will put forward their proposals for Fees and Charges and the impact of these will be reviewed by Finance. The S151 Officer has delegated authority to agree these and an update will be provided within the next budget update report.
- 7.2 Further information that relate to the level of income projected and / or savings being offered are still being reviewed.
- 7.3 The projections on the capital programme for 2021/22 and 2022/23 still need to be finalised and reviewed for affordability. There is some flex in the programme that could have an impact on the overall position of the HRA in terms of borrowing and investment of surplus balances.
- 7.4 IFRS 16 (Finance Leases) comes into force from 2022/23 which changes the way we account for leases. The council also has a new corporate fleet contract that

commenced in October. Both elements of this are currently being worked through to reflect the revenue and capital budget requirements.

8 Risk, Opportunities and Uncertainty

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

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

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

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

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

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

unemployment support, mental health support; anti-social behaviour intervention, safeguarding and domestic abuse support.

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

capital budgets proposed for 2021/22 for compliance related work. However the exact costs are currently unclear. There are likely to be other impacts as a result, such as impacts on the repairs budget due to additional work to communal areas, more intensive management of flat blocks and further resilience within teams to respond to the volume and breath of enquiries. We will need ensure continued compliance with these statutory requirements.

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

9 **2022/23 HRA Capital Programme**

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

10 **Links to Corporate Strategy**

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

11 Finance / Resource Implications

11.1 The Council's financial position is set out above within the body of this report.

11.2 It is important that Councillors have a good understanding of the financial position and forecasts over the medium term.

12 Legal Implications

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

13 Climate and Sustainability Implications

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

14 Equality and Diversity Implications

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

15 Partnership Implications

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

16 Asset Management Implications

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

17 Scrutiny Comments / Recommendations

17.1 This report was considered, and the recommendations supported by the Community Scrutiny Committee on 24 November 2021.

17.2 The main comments and questions were related to:

17.2.1 The repairs and maintenance, staffing and radon growth items. The Director of Housing provided explanation of key posts required to deliver operational activity in the year new and the one-off budget required to survey a number of properties for radon.

Democratic Path:

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

Reporting Frequency: Ad -hoc

Contact Officers

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

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

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

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

Report Number: SWT 119/21

Somerset West and Taunton Council

Executive – 15 December 2021

2021/22 General Fund Financial Monitoring as at Quarter 2 (30 September 2021)

This matter is the responsibility of Executive Councillor Henley, Corporate Resources

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

1 Executive Summary

- 1.1 This report provides an update on the projected outturn financial position of the Council's General Fund (GF) for the financial year 2021/22 (as at 30 September 2021 forecast).
- 1.2 The position this year continues to be significantly affected by the ongoing impact of COVID and the pace of economic recovery; and is relying heavily on the reserves prudently set aside to mitigate budget volatility and risk. A thorough analysis of additional risks and uncertainties facing the Council have been identified and careful monitoring of these will continue for early indications of emerging financial pressures.
- 1.3 The Council remains financially resilient and continues to forecast adequate reserve balances at this stage. This is important as reserves provide added security when risks are high, the financial strategy relies on reserves to help balance the budget in 2022/23, and further financial pressures are expected in respect of the transition to a unitary authority (see 1.8 below).
- 1.4 The General Fund **Revenue Budget** forecast is a currently projecting an underspend of £437k for the current year.
- 1.5 Although services are now projecting some underspends within the General Fund there are items that budget holders have identified where the budget is still required but the work will slip into 2022/23. Therefore £437k of budget carry forwards are proposed and if these are approved the underspend would reduce to a nil variance.
- 1.6 The total approved **Capital Budget** is £164.1m. Of this, the profiled budget spend for 2021/22 is £78.5m with a current forecast net underspend of £242k being reported.
- 1.7 The unearmarked **General Reserves** balance is currently £5.793m. If the underspend remains as currently projected and the proposed carry forwards are approved the projected uncommitted balance at year end would remain at £5.793m. The 2022/23 budget proposals include a contribution of £1m leaving an uncommitted balance of £4.793m, which is £2.393m above the current recommended minimum balance.

1.8 As set out within the General Fund Budget Update report included in this meeting's agenda there are expected to be additional costs related to implementation of the new unitary council for Somerset. The estimate will be finalised and included within the 2022/23 Final Budget report to Full Council in February, but at this state Members are advised that an indicative £1.375m may be required from General Reserves to meet this cost.

1.9 The General Fund **Earmarked Reserves** closing balance is currently projected to be approximately £21m.

2 Recommendations

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

3 Risk Assessment

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

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

4 Background and Full details of the Report

4.1 This report provides the Council's General Fund forecast end of year financial position in March 2022 for revenue and capital expenditure, as at 30 September 2021.

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

4.3 Members will be aware from previous experience that the position can change between 'in-year' projections and the final outturn position, mainly due to demand-led service costs and income levels and where actual costs and income can vary from initial estimates and assumptions. The budget monitoring process involves a detailed review of the more volatile budgets and a proportionate review of low risk/low volatility budget areas. Budget Holders, with support and advice from their finance business partners, update their forecasts on a monthly basis based on currently available information and knowledge of service requirements for the remainder of the year. As with any forecast there is always a risk that some unforeseen changes could influence the position at the

year-end, and several risks and uncertainties are highlighted within this report. However, the following forecast is reasonable based on current information.

5 General Fund Revenue Budget 2021/22 Forecast Outturn

- 5.1 The Council's General Fund is currently forecasting an overall net underspend of £437k (2.3% of £18.7m Net Budget). The main reasons for this are shown in table 2 below. The forecast shows an improved financial position compared to the Q1 forecast which was an overspend of £237k, after withdrawing £1.145m from the Budget Volatility and Risk Reserve. The forecast net expenditure has therefore reduced by £674k since Q1.
- 5.2 The forecast remains volatile and subject to change. It includes a significant number of assumptions about demand for services and the timing of planned spend to meet service objectives. The level of uncertainty is still increased this year as the continuing impact of COVID and the pace of economic recovery is not yet certain. There has been an immediate impact on service costs and income, for example a significant reduction in parking income due to lock down measures. The Government has so far provided emergency additional funding of £813k, which is included in our budget. We are also able to claim grant to partly offset the loss of income from fees and charges for the first quarter of the year.
- 5.3 As previously reported, despite the reported pressures and uncertainties summarised in this report, the Council is currently resilient to estimated losses this year. This financial strength is a direct result of the being able to reallocate reserves last year to support economic recovery in this financial year.
- 5.4 The following table presents a summary of the revenue budget and current forecast outturn for the year by directorate.

Table 1: General Fund Revenue Outturn Summary 2021/22

	Current Budget	Outturn Forecast	Variance	
	£'000	£'000	£'000	%
Development and Place	3,051	2,624	-427	-14.0%
External Operations & Climate Change	9,570	10,286	716	7.5%
Housing & Communities	3,273	3,289	16	0.5%
Internal Operations	9,922	9,946	25	0.2%
Senior Management Team	554	558	4	0.7%
Provision for staff pay award (not yet agreed)	0	303	303	100.0%
Net Cost of Services	26,370	27,006	636	2.4%
COVID General Grants	0	-550	-550	0.0%
Investment Properties	-4,662	-4,602	60	-1.3%
Interest and Investment Income	243	22	-221	-90.9%
Expected Credit Losses	0	0	0	0.0%
Transfers from Earmarked Reserves	355	-162	-517	145.5%
Transfers from General Reserves	-2,071	-2,071	0	0.0%
Capital and Other Adjustments	-1,522	-1,328	194	-12.7%
Net Budget	18,714	18,316	-398	-2.1%

	Current Budget	Outturn Forecast	Variance	
	£'000	£'000	£'000	%
Funding	-18,714	-18,753	-39	0.2%
Variance	0	-437	-437	-2.3%
Proposed Carry Forwards (Not yet approved) – See Section 6			437	
Forecast Variance Net of Proposed Carry Forwards			0	

5.5 A summary of the forecast outturn position is summarised per directorate below.

Development & Place:

5.6 The Development and Place directorate has a net expenditure budget of £3.051m in 2021/22, which plans to deliver 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
- Major Capital Projects for regeneration purposes and where possible to generate a return to the Council
- Commercial investment (investment properties budget is reported 'below the line')

5.7 The directorate's budget volatility and forecast has been managed via robust contract and financial / budget management by budget holders. The directorate is currently forecasting a net underspend of £427k for the year.

Table 2: Development & Place Forecast Variances as at Q2

Department Notes	Q2 Variance £000	Q1 Variance £000
Strategy and Policy: Primarily driven by £95k of local plan fee underspend (spend budgeted for in 22/23), £22.4k fees/hired services underspend, £50.4k vacancy savings and £0.4k of subsistence/subscriptions underspends. Partially offset by unbudgeted spend/forecast spend of £6.3k on job adverts, £4.5k on IT equipment for new starters, £2.5k for professional subscriptions.	-155	-55
Planning Obligations: CIL Contributions received higher than budgeted.	-100	
Phosphates: Savings due to 2 x FTC staff employment c6 months into the budget period. One vacancy in the process of being resourced. The remainder of the 3 contract costs are budgeted in 22/23.	-82	

Department Notes	Q2 Variance £000	Q1 Variance £000
Planning: The service has struggled to recruit to vacant posts resulting in higher agency backfill costs (£50k). This variance also relates to budgeted grant income (£20k) that is not expected and other overspends on operational costs (mainly IT equipment & licences and Somerset Ecology fees).	90	59
Major & Special Projects: Following a review of establishment, vacancy savings have been included in the forecast of £83.6k. In addition, there are expected consultancy fee savings of £57.3k. This has been partially offset by spend on Heritage boards of £0.8k, purchase of IT equipment for new staff £0.9k, legal fees of £0.4k, general staff costs of £0.3k and premises insurance £0.8k.	-138	
Other Minor Variances	-42	-7
Total	-427	-3

External Operations and Climate Change:

- 5.8 The External Operations and Climate Change directorate has reported net expenditure budget of £9.57m in 2021/22, which plans to deliver 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
- 5.9 The directorate has reported a current forecast net overspend for the year of £716k as at the end of quarter 2.
- 5.10 The headline for the Directorate is to look beyond the car park income figure to the improved performance in most of the other business areas of the Directorate. Specifically, income from the Assets team and Bereavement services. The net position would be an underspend of £1.27m. As a team we continue to manage our workforce and ensure we adapt to provide resources at the point of need. The Directorate Plan for 2021/22 is both a reflection of new ambition for the year and a catch up from a pandemic hit 2020/21; that programme of work will inevitably draw on our ability to take on new tasks. As we better understand our legacy assets, we better understand our financial liabilities. Those liabilities will manifest in year and in future years as new costs.
- 5.11 The overspend position is created by car parking usage continuing to fall well below historic budgeted levels, with income projected to be almost £2m below budget. This

budget line was kept at previous levels when the Council approved the 2021/22 budget in February 2021. However, it was also recognised that there was a high risk that income would remain low and there was limited additional government grant support, which was reflected in the Budget through the provision of a £2.4m Budget Volatility and Risk Reserve for the year. The Executive agreed to allocate £1.145m from this reserve through the Q1 report (shown against the earmarked reserves budget). The Q2 position assumes that only £517k of this is needed and that the remainder of the car park income loss can be covered from in-year underspends across the authority. There is also £390k of parking income loss funding included within the COVID General Grants forecast, which further offsets the projected income shortfall.

- 5.12 Car Parking income is significantly down on the 2019/20 pre-pandemic level used to benchmark the income figure for 2021/22. In tracking income, it is broadly one third down on where it was pre-pandemic. That activity will be tracked through the year, in setting a budget for 2022/23 the income figure for car parking will need to reflect the known activity for 2021/22.

Table 3: External Operations and Climate Change Forecast Variances as at Q2

Department Notes	Q2 Variance £000	Q1 Variance £000
Major Contracts: The underspend relates to the introduction of a new fleet contract and a thorough audit of all fleet costs. This saving is for 2021/22 only and review of future years is currently being undertaken.	-147	0
Street Scene / Open Spaces: Cost savings within the service such as a reduction in budget required for contractor costs and a predicted reduction in fuel. A budget carry forward of £100k was approved for Hankridge Pond. Works have been programmed, however cannot take place during winter meaning that the spend will fall into next financial year.	-306	-47
Asset Management: This favourable variance includes additional income, new lettings and completion of leases earlier than expected. Due to an ongoing audit of legacy budgets, and the review of the maintenance programme, there is a forecast underspend across several budget headings.	-598	-247
Public Health: A budget carry forward of £15k was approved for the Seagull Control programme for 2021/22 however this has been postponed for a further year creating an underspend. The cost of staff re-directed (and not backfilled) onto COVID-19 activities has been fully funded through the Community Outbreak Management fund creating an underspend.	-35	-54
Licensing: Updated projections for income evidence related to both general and taxi licensing have identified a likely shortfall for this year.	47	47
Bereavement Services: This is a demand led service where the income budget is estimated each year. The current forecast shows better than budgeted levels of income.	-151	-184

Department Notes	Q2 Variance £000	Q1 Variance £000
Parking: The parking income baseline budgets were maintained at historic levels as part of budget process, with a known risk. The current forecast income loss for the year is £1.989m. This has been calculated using both 2020/21 and 2019/20 data and reflects a 30% reduction in income. We have claimed £390k through the COVID Income Compensation Scheme for 71% of losses for April to June 2021. The Executive also supported withdrawing £1.145m from the Budget Volatility and Risk Earmarked Reserve through the Q1 report to help mitigate the shortfall. The Q2 position assumes that only £517k of this is needed and that the rest can be offset from corporate underspends.	1,911	1,937
Other Minor Variances	-5	46
Total	716	1,498

Housing & Communities:

- 5.13 The Housing and Communities directorate has a net expenditure budget of £3.273m in 2021/22, which plans to deliver 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.
- 5.14 The directorate has reported a current forecast net overspend of £16k at the end of quarter 2.
- 5.15 Whilst we are currently reporting a very small variance, we are expecting some volatility particularly in our homelessness service as a legacy of the COVID restrictions and in the knowledge that patterns of substantial community hardship are already starting to become apparent. We have some ability to manage the financial impacts of this by using earmarked reserves of specific Government funding, however we will need to keep this under close review. There is also substantial pressure on our resources to deliver our ambitions for single homeless customers and our need to decant the Canonsgrove facility.

Table 4: Housing & Communities Forecast Variances as at Q2

Department Notes	Q2 Variance £000	Q1 Variance £000
Minor Variances	16	5

Total	16	5
--------------	-----------	----------

Internal Operations:

- 5.16 The Internal Operations directorate has a net expenditure budget of £9.922m in 2021/22. 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
- 5.17 The directorate is currently forecasting a net underspend of £146k at the end of quarter 2. This includes additional resources identified as needed to meet service requirements over and above existing approved budgets.
- 5.18 The organisation is facing significant change through the implementation of Unitary. Governance & Democratic Services and supporting our staff will be fundamental. It is anticipated additional costs will be funded through savings and in year vacancies where possible. However, it should be noted that pressures on all services will grow as the unitary transition plan comes into force and full budget savings may not be possible giving rise to the potential need to seek approval for additional allocation from reserves. Monthly budget monitoring through the Directorate Performance Board will ensure close monitoring and identification of savings.
- 5.19 There may be opportunities to mitigate some of this reported pressure, for example through:
- Surplus balances if released from the review of earmarked reserves
 - In year receipt of new burdens grant funding
 - Vacancy savings exceeding expectations
 - Capitalising IT equipment costs
 - Managed control of spend in remainder of the year.

Table 5: Internal Operations Forecast Variances as at Q2

Department Notes	Q2 Variance £000	Q1 Variance £000
<p>ICT: The service has managed to identify savings of c£29k to date from rationalising ICT network circuits at the West Somerset House site, replacement of equipment and removing third party support costs and migration of the Mobile Device Management solution. In addition salary savings due to in year vacancies and further underspends have been identified where budget allocations are not required in the current financial year. This position takes into account that we have already incurred non budgeted £20k spend due to new starters above existing establishment (at approximately £1k per starter for laptop, licences etc) and have estimated another £10k until a system is in place for these costs to be picked up by the relevant service.</p>	-99	-53
<p>Benefits: The position at the end of Q1 is showing a potential underspend at year-end. This underspend largely results from receiving a greater amount of administration grant from DWP for administering Housing Benefit than we had originally budgeted for. The grant from DWP is to ensure we have sufficient funding to adequately resource the administration of Benefits on their behalf. DWP are also requiring us to undertake an increased amount of review work on claims this year. We may need to utilise some or all of this budget later in the year to ensure that we have sufficient resourcing to deliver to the required DWP standards.</p>	-134	-87
<p>Revenues: Due to the pandemic we tailored our approach to recovery and no court hearing took place in the 2020/21 financial year. Not issuing court summonses meant that no court costs (£67 per account) were raised last year. By contrast in 2021/22 we have summonsed both this year and last year's caseload to catch up hence an increase in revenue generated from the raising of in year court costs.</p>	-125	0
<p>Governance: The service has requested to draw upon in-year underspends to fund the Community Governance Review for Taunton and additional staffing to cover a significant increase in workload.</p>	87	266
<p>Customer Services: We're forecasting a £60k overspend across the Customer Services areas. This is due to a correction in enhancement payments to staff in Deane Helpline following a review of their entitlements. This is partially offset by an increase in income of £10k. The Customer Services function is due to meet budget. The Agency costs to cover additional call volumes due to the Waste disruption and the increase in demand due to Recycle More has been covered by existing vacancies. The Taunton Visitor Centre has experienced a significant reduction in income over the last six months. As this is based on commission sales this loss in income comes with a corresponding reduction in expenditure.</p>	60	0

Department Notes	Q2 Variance £000	Q1 Variance £000
People / HR: The base budget had an expectation of a £100k vacancy saving target. Whilst this is for vacancies across all directorates the budget is held within HR but with various vacancy savings being reported in various staff budgets. As the scale of forecast vacancy savings has increased since Q1 it is anticipated that the savings target will be dispersed across services for the Q3 report.	73	92
Shared Support Service Charges: the proportion of shared support staff servicing the Housing Revenue Account (HRA) has been reviewed and updated to reflect current allocation of time.	170	0
Other Minor Variances	-7	-9
Total	25	209

Senior Management Team (SMT)

- 5.20 The SMT has a net expenditure budget of £554k in 2021/22. This budget line holds the costs of the Chief Executive and four directors, a contingency to support strategic priorities in-year, and funding approved to support Stronger Somerset business case development and related costs.
- 5.21 A very minor variance to budget is forecast at the end of quarter 2.

Pay Award 2021

- 5.22 The staff pay award has been estimated at 1.75%, reflecting the employers' final offer. The pay award has not yet been accepted by the unions, and therefore not yet implemented. The 2021/22 approved budget assumed a 0% pay award, consistent with the Government's proposals for civil service pay, therefore any pay increase presents a budget pressure in year. A provision for estimated costs of £303k across General Fund services based on 1.75%. Following feedback at Corporate Scrutiny Committee on the Q1 report this has now been shown as a separate line (rather than against SMT) in the summary table 1 above, and will be reflected across all service budgets once settlement is reached and implemented.

Other Costs, Income and Reserve Transfers

- 5.23 As well as budgets allocated to directorates for the delivery of services, several budgets are reported 'below the line' as centrally held/corporate items.
- 5.24 For 2021/22 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 net income
 - Other interest costs and income

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

5.25 A net underspend / income surplus of £1.073m is currently forecast as at the end of quarter 2, predominantly due to proposed transfers from reserves and estimated income loss grant funding from Government.

Table 6: Forecast Variances as at Q2

Department Notes	Q2 Variance £000	Q1 Variance £000
COVID General Grants: It is recommended that £135k from this grant is carried forward to fund the leisure contract budget pressure in 2022/23 due to COVID-19. Therefore, this is showing as an underspend of £135k against the full grant of £813k. The Sales, Fees & Charges (SFC) compensation is only running until end of June 2021. The claim has been submitted and the estimated compensation from income loss is £415k.	-550	-430
Investment Properties: Overspend relates to increased landlord repair costs relating to roofs / guttering etc and scaffolding requirements.	60	0
Interest and Investment Income: After a volatile and difficult year for treasury investment performance shaped by the pandemic, recovery has been excellent. SWT's good performance is from strategic investments. We have received 4.5% income from strategic pooled funds in year. It means the income return from the total investment portfolio is 1.5% which, in terms of current money market investment returns, is particularly healthy.	-221	-305
Net Transfers from Earmarked Reserves: The SFC Compensation from Government does not cover all of the expected loss for the financial year. Therefore, it is recommended that the car parking income shortfall is funded in part from the Budget and Risk Volatility Reserve. This was supported by the Executive through the Q1 report.	-517	-1,145
Capital and Other Adjustments: An additional revenue contribution is planned to fund the finance system contract renewal license.	194	80
Other Minor Variances	-39	25
Total	-1,073	-1,775

5.26 As part of the approved Budget for 2021/22 the Council approved a prudent £2.4m contingency to be held in the Budget Volatility and Risk Reserve. This is in place to underwrite key risks against volatile costs and income lines such as parking income where the budget was maintained at pre-COVID levels but with intent to monitor trend

to inform future years budgets. Although the Executive supported the potential to use £1.145m of this reserve based on the Q1 forecast, updates to variances reported in Q2 mean that the estimated need to use the reserve in 2021/22 is significantly reduced to £517k. This position will continue to be monitored through the rest of the year and reassess the likely need to use the contingency at Q3 and year end.

5.27 On current forecast there is the prospect of c£1.9m being held in the reserve at year end, which would provide SMT, the S151 Officer and the Executive (in consultation with the Joint Committee / Implementation Executive for unitary) with the opportunity to review and potentially reprioritise some or all of this balance. It will be sensible to consider this initially as part of budget setting in February 2022.

6 General Fund Proposed Carry Forwards

6.1 Whilst reviewing the predicted outturn position the following potential carry forwards of budget have been identified totalling £437k. If approved at the end of the financial year this would effectively roll forward this spending approval into next financial year, leaving a net underspend of £798k.

Table 7: Potential Carry Forwards

	£'000
Hankridge Pond Work: This was a 21/22 supplementary budget funded from reserves. Works have been delayed and cannot take place during winter meaning that the spend will fall into next financial year.	100
Leisure Contract: To fund forecast 22/23 budget pressure due to COVID-19 from the remaining COVID grant in 21/22	135
Seagull Control Programme: This was a 21/22 supplementary budget funded from reserves. Due to changes in legislation this work will be delayed and will fall into next financial year.	15
Local Plan Feasibility: As a result of team vacancies and Unitary the spend in this area has been delayed. Interviewing has been completed to fill roles and this will mean some spend will be incurred in 2020/21 but not as much as was anticipated. In addition we are awaiting the Draft Order for Local Reorganisation which will set out the timeline for the adoption of a local plan for the new authority.	95
Phosphates: Part of the costs relating to the 21/22 supplementary budget funded from reserves/carry forwards from 20/21 will fall into 22/23 due to a delay in recruitment.	82
Total	437

6.2 Carry Forwards for items up to £150k can be approved by the S151 Officer, which would follow consultation with SMT and portfolio holders. Carry Forwards for items above £150k require Executive Committee approval.

7 General Fund (GF) Reserves

Unearmarked Reserves

- 7.1 The opening general reserves balance as at 1 April 2021 is £7.914m.
- 7.2 As part of the budget proposals to Full Council on 18 February 2021 and the Financial Strategy agreed by the Executive in July 2021, £2.160m of current reserves are planned to be used to soften the budget gap across two financial years (£1.16m in 21/22 and £1m in 22/23). Further approved allocations from general reserves are shown in the table below.

Table 8: GF General Reserve Balance

	Approval	£000
Balance Brought Forward 1 April 2021		7,914
2021/22 Original Budget Transfer From Reserve	Council – 18/02/21	-1,160
Supplementary Budget - Local Poll	Council – 04/05/21	-86
Supplementary Budget - Phosphates	Executive – 21/07/21	-200
Supplementary Budget - Health & Safety	Executive – 21/07/21	-126
Supplementary Budget - Parks & Open Spaces	Executive – 21/07/21	-100
Supplementary Budget - Asset Management	Executive – 21/07/21	-150
Supplementary Budget - Asset Management Compliance	Executive – 21/07/21	-100
Supplementary Budget - Revenues Service Capacity	Executive – 21/07/21	-130
Supplementary Budget - Business Intelligence Capacity	SMT – 23/06/21	-50
Supplementary Budget - Project Management Resources	Director/S151 – 15/07/21	-19
Current Balance		5,793
Forecast - Q2 Projected Underspend net of Proposed Carry Forwards		0
Projected Balance 31 March 2022		5,793
Planned Use of Reserve in 2022/23 for Base Budget		-1,000
Projected Balance 1 April 2022		4,793
Recommended Minimum Balance		2,400
Projected Balance above Minimum Reserve Balance		2,393

- 7.3 The projected balance remains above the minimum adequate reserves requirement as assessed by the S151 Officer. It is prudent to continue to hold reserves above the minimum at this stage as in-year budget risks remain higher than normal due to COVID, and the Council will need to contribute towards costs of implementing a new unitary council structure in Somerset.
- 7.4 As set out within the General Fund Budget Update report included in this meeting's agenda there are expected to be additional costs related to implementation of the new unitary council for Somerset. The estimate will be finalised and included within the 2022/23 Final Budget report to Full Council in February, but at this state Members are advised that an indicative £1.375m may be required from General Reserves to meet this cost.

Earmarked Reserves

- 7.5 The General Fund Earmarked Reserves brought forward balance for 2021/22 is £33.844m. This includes a £14.8m Business Rates S31 Grant reserve created in

2020/21 to set aside grant from Government that will be needed to mitigate the Collection Fund Deficit in the 2021/22 budget predominantly but also the spread of deficit over 3 years where required. The net budgeted and planned transfers from earmarked reserves in 2021/22 is currently £12.416m.

7.6 The following table details those reserves with balances greater than £500,000.

Table 9: General Fund Earmarked Reserves

	Opening Balance 1 April 2021 £000	Budgeted/ Planned Transfers £000	Closing Balance 31 March 2022 £000
2020/21 Business Rate Holiday S31 Grant	11,695	-11,118	577
2020/21 Business Rate Losses S31 Grant	3,081	-999	2,083
Business Rates Volatility	5,375	415	7,040
Investment Risk	3,673		3,673
Budget Volatility & Risk	2,400	-517	1,883
Commercial Investment Financing Fund	0	2,000	2,000
General Carry Forwards	2,112	-2,112	0
Garden Town Fund	870	-68	802
Economic Development Initiatives	769		769
Asset Management	687		687
Community Housing Grant (ring-fenced)	533		533
Other Smaller Balances	2,648	-18	2,630
Total	33,844	-12,416	21,427

8 General Fund (GF) Capital Programme

- 8.1 The current Capital Programme Budget is £164.148m in total (see **Appendix A**). This consists of £5.151m of new schemes approved in February 2021 (for £3.117m in 2021/22 and £2.034m in 2022/23), plus £153.899m of previously approved schemes from prior years.
- 8.2 This also includes in-year supplementary budgets of £2.258m for Future High Street schemes approved by Full Council on 7 September 2021, £2.0m for Phosphates approved by Full Council on 5 October 2021, £380k for the Single Homeless Strategy approved by Full Council on 5 October 2021, and a return of £522k to realign funding to match budget for the disabled facilities grants as approved by the Executive on the 15 September 2021. In addition, the following were approved under delegated authority: £150k for electrical vehicle charging points, £80k for Finance System licences and £50k for Watchet Cleeve Hill.
- 8.3 There are also capital works of £702k under S106 obligations mainly consisting of Norton Fitzwarren play pitches and play areas (£523k of which £25k is forecast to be spent in 2021/22). The Section 151 Officer has approved supplementary capital budgets for each of the S106 schemes to represent the spend commitment and match funding held.

- 8.4 The Council plans to finance this investment through Capital Receipts, Capital Grants, Revenue Funding and Borrowing (see **Appendix B**).
- 8.5 The General Fund Capital Budget relates to schemes which are estimated to be completed over the next four years. The current annual profiling of approved budget is summarised in **Appendix C**.
- 8.6 Financial performance to date against this profiled spend for this financial year can be found below and in **Appendix D** with an update from each directorate provided below. Overall, the Council is currently forecasting a net underspend against profiled budget for 2021/22 of £242k.
- 8.7 **Development and Place:** Capital Funding is provided for Development activity and Property Investment Activity. These budgets are governed via the Directorate and Programme Boards before being reported to Full Council. The slippage is mainly as a result of the phosphate related planning issues preventing progress on a proposed development site (£2.9m), off set by higher than expected CIL funded purchase of the Comeytrowe Primary School site, and higher flood alleviation costs on Firepool.
- 8.8 **External Operations and Climate Change:** The Capital programme spans a diverse range of activities that in part span several financial years. The Directorate has a robust programme management system to ensure the capital spend is tracked and drawn down in a timely manner. The current forecast for this financial year is slippage of £252k on the Fleet Contract, and a slight overspend of £93k mainly on the East Quay wall and Watchet Splashpoint Hole.
- 8.9 **Housing and Communities:** The capital programme has been updated to reflect the Single Homelessness and Rough Sleeper Accommodation Strategy & Delivery Plan passed by full council on 5th October. The strategy identifies the demand for additional accommodation, splits this down by specific need, and puts in place an end-to-end process of interventions, from early help through to tenancy support. The delivery plan looks at the accommodation and support requirements and identifies how these may best be delivered, whether that is through partner providers (preferred) or whether this is through direct intervention by SWT.
- 8.10 **Internal Operations:** Capital funding is profiled against technology projects including infrastructure upgrades to support cyber security improvements, finance system upgrades. Annual PC refresh upgrades and alarms for the lifeline service are also profiled here. Capital funding has also been allocated to support change programmes that have realigned the digital delivery programme and service improvement & efficiency programmes. The current forecast is an underspend of £105k for budgets that are no longer required.
- 8.11 **Hinkley:** The Hinkley funded projects saving related to projects that are complete.
- 8.12 **S106 Schemes:** The S106 projects relate to schemes on which costs have been incurred in the current year as per the obligations under the S106 agreements.

9 General Fund - Risk and Uncertainty

9.1 Budgets and forecasts are based on known information and the best estimates of the Council's future spending and income. Income and expenditure over the 2021/22 financial year are estimated by budget holders and then reported through the budget monitoring process. During this process risks and uncertainties are identified which could impact on the financial projections, but for which the likelihood, and/or amount are uncertain. The Council carries protection against risk and uncertainty in several ways, such as insurances and maintaining reserves. This is a prudent approach and helps to mitigate unforeseen pressures.

9.2 The following general risks and uncertainties have been identified:

- a) **Year-end Adjustments:** There are certain items that are not determined or finalised until the financial year-end. For example, the final assessment of provisions required for bad debts and final allocations of support service recharges. These can result in potentially significant differences to current forecasts.
- b) **COVID 19:** Although work continues to identify as much as we can the impacts of COVID, there could still be short, medium and long term impacts to both income and expenditure which have not yet been identified.
- c) **Unitary Council:** The Secretary of State has announced his decision on the future of local government in Somerset and has chosen the "One Somerset" option put forward by the County Council. This means there will be one new council for Somerset replacing the existing five councils in April 2023. The costs of implementation will be significant and will bring significant additional demand on officers to support the process with potential additional capacity required.
- d) **Fluctuation in demand for services:** We operate a number of demand-led services and the levels of demand do not always follow a recognisable trend. We therefore have to caveat the forecasts in these areas to account for fluctuations.
- e) **Forecasting Assumptions:** It is conceivable that, whilst budget holders are optimistic that they will spend all their budget, experience shows an increase in underspends often reported in the last quarter of the financial year. The pace of spending may also reduce as capacity and delivery of priorities is affected by local government structural change.
- f) **Job Costing Charges via Open Contractor (OC):** The project lead is thoroughly reviewing and improving the efficient and accurate operational use of OC. The ability of affected services to accurately forecast their outturn position on job costs apportioned via OC remains at risk until improvements are fully implemented, although officers are working through ways to mitigate this issue in the interim.
- g) **Pay Award:** The budgets have been set based on 0% pay award for 2021/22 following the Government's announcement in respect of public sector pay restraint. However pay negotiations for local government are still being undertaken. The current forecast estimates a 1.75% pay award increasing direct staffing costs by c£478k (£303k GF / £175k HRA).
- h) **Landlord Property Compliance:** A review of all compliance areas against every property for which Somerset West and Taunton Council is responsible has largely been undertaken. The compliance works required following this review are currently being planned and procured. Whilst additional budget provision has been

added for 2021/22 the full extent of the financial pressure remains uncertain as more information is gathered.

- i) **Asset Management:** The budgets for maintaining our assets do not hold any contingency for significant unforeseen repairs or improvement works. The Asset Management plan is evolving but progress has been, in part, been slowed by staff turnover. Significant budget carry forwards and earmarked reserves supplement the 2021/22 budgets in this area. An example of this would be North Hill, Minehead.
- j) **Homelessness:** This is a demand led service supporting a variety of complex needs. This service has received further Homelessness Prevention Grant and Rough Sleeper Initiative Government funding in 2021/22. The position needs to be kept under review pending the delivery of the Homelessness Strategy including the planned decant from the Canonsgrove site.
- k) **Revenues & Benefits:** The position on rent allowances/rent rebates could change significantly (approximately £200-£300k) as a result of the recoupment and debt impairment adjustments. We can calculate these at a given point in time but are unable to reliably forecast what these will be at year end as the financial implications are volatile.
- l) **IT:** There is a risk around the cost of BT charges for Deane Helpline due to a new redirect service. Negotiations are being made with BT to reduce the cost per call down however if this is unsuccessful there could be increased costs of £63k above the current projection.
- m) **New Burdens:** SWT is expected to receive more New Burdens Grant Funding during the year which will increase our revenue income, but the amount is not yet known.
- n) **Interest and Investment Income:** There are two aspects impacting on investment returns. The first relates to cashflows, particularly in a year when substantial capital purchases are due to be made which, in turn, adds high risk of variations to budget because of the timing of transactions. Careful management of liquidity and borrowing decisions can, to some degree, mitigate this and produce favourable investment returns and in-year cost of borrowing. The second aspect relates to non-property investment performance. After a volatile and difficult year for investment performance shaped by the pandemic, recovery has been excellent. SWT's good performance is from strategic investments. We have received 4.5% income from strategic pooled funds in year. It means the income return from the total investment portfolio is 1.5% which, in terms of current money market investment returns, is particularly healthy.
- o) **Business Rates (Risk):** There are inherent risks and uncertainties within the Business Rates Retention system. The Council's share of business rates funding is directly linked to the total amount of business rates due and collected in the area, which can fluctuate throughout the year and be affected by the result of Rateable Value changes e.g. as a result of Appeals. The highest value risk applies to Hinkley Point B nuclear power station which accounts for almost 20% of the tax base within SWT area. The power station was temporarily shut down for the majority of 2020/21 resulting in a large refund and is currently due to commence decommissioning no later than July 2022. Any earlier shut down or decommissioning could have a material impact on funding.
- p) **Business Rates (Issue):** The Government's calculator for Tax Income Guarantee grant included an error. A corrected version was issued after the 2020/21 accounts were closed. The impact of the error is that we over-accrued business rates, TIG

income and BRR Pooling Gain by £244,850, which will adversely affect funding in 2021/22 when corrected. This will need to be offset by a transfer from the Business Rates Volatility Reserve.

- q) **Council Tax:** This income is under pressure due to the increase in discounts being issued. This will have an impact on the Collection Fund in the current year and future years, which would impact on the General Fund budget in future years through the Surplus or Deficit recovery. Regular review of statistics will be undertaken to monitor the situation.

10 Links to Corporate Aims / Priorities

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

11 Partnership Implications

- 11.1 A wide range of Council services are provided through partnership arrangements e.g. SLM for leisure services and Somerset Waste Partnership for Waste and Recycling services. The cost of these services is reflected in the Council's financial outturn position for the year.

12 Scrutiny Comments / Recommendations

- 12.1 The report was considered by the Corporate Scrutiny Committee on 1 December and the recommendation supported.

- 12.2 The main comments and questions were:

- a) Can we claim for further losses than the 71% for the first quarter for loss of income due to COVID? The government sales, fees and charges (SFC) compensation scheme is only available for April -June 2021 for this financial year and the amounts we are able to claim are set out within the scheme.
- b) The ring-fencing of carparking income was discussed and clarity requested on what the income from off-street car parking can be spent on. A Car Parking review report will be presented to the community scrutiny committee early next year.
- c) What does the overspend for Commercial Investments relate to? This relates to the increased landlord repair costs for the legacy commercial properties that the Council holds.
- d) How are we doing with Asset Management compared to previous years? There is an underspend but the performance tracker on page 34 is showing as red for Voids? The Voids relates to the HRA and the extra income within this report is for General Fund Asset Management.
- e) What does the carry forward of £135k reading leisure relate to? This is a prudent amount to set aside subject to ongoing negotiations following the impact of COVID to

ensure we have some financial resilience in our budget. This is not linked to any committed payments.

- f) Why is there an overspend in section 5.9 but an underspend in section 5.10 for the External Operations and Climate Change Directorate? There is an overall overspend within the Directorate which is shown in section 5.9 and this includes the loss in car parking income. Section 5.10 is referring to what the position would be without the loss of car parking income for the Directorate.
- g) Is there any funding from Central Government for leisure in respect of COVID? There was some funding from Sport England which was pass-ported over to the contractor.
- h) The general reserves position will be lower after taking into consideration the proposal to use £1.375m to fund the LGR transition costs.

Democratic Path:

- **Corporate Scrutiny - 1 December 2021**
- **Executive - 15 December 2021**
- **Full Council - No**

Reporting Frequency: Quarterly

List of Appendices

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

Contact Officers

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

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

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

Appendix A: General Fund Approved Capital Budget

SWT Capital Programme	Prior Year Slippage	Approved Supplements not loaded into e5	Current Year Approval Feb 2021 Budget Setting for 2021/22	Current Year Approval Feb 2021 Budget Setting for 2022/23	Total Approved Budget	Current year Virements	Current year Supplements	Current year Returns	Revised Current year Approved Capital Budget
Development and Place	28,088,143	112,341,907	275,000	300,000	141,005,050	0	4,258,000	0	145,263,050
External Operations and Climate Change	6,986,727	-	1,735,360	532,360	9,254,447	0	200,000	0	9,454,447
Housing & Communities	4,110,423	-	896,620	896,620	5,903,663	0	380,000	(522,098)	5,761,565
Internal Operations	1,515,070	-	210,000	305,000	2,030,070	0	80,000	0	2,110,070
Hinkley Capital Schemes	856,875	-	-	-	856,875	0	0	0	856,875
S106 Capital Schemes	-	-	-	-	-	0	702,125	0	702,125
Total GF	41,557,237	112,341,907	3,116,980	2,033,980	159,050,104	0	5,620,125	(522,098)	164,148,131

Appendix B: Capital Financing of Total Approved Budget

Page 60

SWT Capital Programme	TOTAL CAPITAL FINANCING	Capital Grants CIL	Capital Grants Other	Section 106 Agreements	Capital Receipts	Unallocated Capital resources	General Fund RCCO	New Homes Bonus Reserve	Capital Funding Reserve	Other Earmarked Reserves	Borrowing
Development and Place	145,263,050	13,165,992	14,157,386	631,767	745,000	-	-	-	-	-	116,562,905
External Operations and Climate Change	9,454,447	-	5,043,461	-	2,153,720	-	195,000	-	-	-	2,062,266
Housing & Communities	5,761,565	-	4,811,935	455,682	385,446	-	-	-	108,502	-	-
Internal Operations	2,110,070	-	-	-	1,181,900	-	-	-	20,000	-	908,170
Hinkley Capital Schemes	856,875	-	856,875	-	-	-	-	-	-	-	-
S106 Capital Schemes	702,126	-	-	702,126	-	-	-	-	-	-	-
Total GF	164,148,132	13,165,992	24,869,656	1,789,575	4,466,066	-	195,000	-	128,502	-	119,533,341

Appendix C: General Fund Annual Profiling of Approved Capital Budget

SWT Capital Programme	Total Approved Budget	Capital Spend 2021/22	Capital Spend 2022/23	Capital Spend 2023/24	Capital Spend 2024/25
Development and Place	145,263,050	68,260,734	31,309,203	37,754,966	7,938,146
External Operations and Climate Change	9,454,447	5,613,860	3,840,586	-	-
Housing & Communities	5,761,565	2,202,601	1,785,029	1,089,000	1,059,000
Internal Operations	2,110,070	1,680,418	429,652	-	-
Hinkley Capital Schemes	856,875	856,875	-	-	-
S106 Capital Schemes	702,125	203,295	498,831	-	-
Total GF	164,148,131	78,817,782	37,863,301	38,843,966	8,997,146

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

SWT Capital Programme	Profiled Capex Budget 2021/22	Expenditure YTD	Forecast Outturn 2021/22	Variance; - underspend + overspend	Slippage	- Underspend + Overspend
Development and Place	68,260,734	26,938,862	65,412,086	(2,848,648)	2,848,648	0
External Operations and Climate Change	5,613,860	2,325,170	5,455,042	(158,818)	(252,000)	93,182
Housing & Communities	2,202,601	107,469	1,794,009	(408,592)	408,592	0
Internal Operations	1,680,418	1,301,893	1,581,414	(99,004)	(6,303)	(105,307)
Hinkley Capital Schemes	856,875	233,000	526,575	(330,300)	100,000	(230,300)
S106 Capital Schemes	203,295	172,290	204,081	786	(786)	0
Total GF	78,817,782	31,078,683	74,973,207	(3,844,576)	3,098,151	(242,424)

Report Number: SWT 120/21

Somerset West and Taunton Council

Executive – 15 December 2021

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

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

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

1 Executive Summary

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

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

2 Recommendations

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

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

3 Risk Assessment

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

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

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

4 Background and Full details of the Report

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

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

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

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

5 HRA Revenue Budget 2021/22 Forecast Outturn

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

Table 1: HRA Revenue Outturn Summary

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

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

Table 2: Summary of Forecast Variances for the Year

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

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

Income

5.5 **Dwelling Rent Income:** the budgeted income for 2021/22 is £24.951m, which reflects an assumption of 2% void losses and applying a 52-week year. The overall current projections suggest that less income will be recovered than predicted when setting the budget and providing an allowance for voids. Some of this is due to stock reductions related to the North Taunton regeneration scheme. However, it is early in the year and future level of voids could impact on the outturn. The current projection for dwelling rent income is an under recovery against budget of £291k however we will work hard on rent collection to minimise the impact as far as possible throughout the rest of the year.

5.6 Charges for Services / Facilities:

5.7 The budgeted income for 2021/22 for the **Service Charge Income for Dwellings** (after discounts have been applied to tenants such as Piper Charge to Sheltered Housing and Extra Care) less an average 2% void loss and applying a 52-week year, is £1.380m. The current projections suggest that c£37k more income will be recovered than predicted when setting the budget and providing an allowance for voids. However, it is early in the year and future level of voids could impact on the outturn.

5.8 The budgeted income for **Meeting Halls** for 2021/22 is £10k. The current projection is that no income will be received due to COVID restrictions preventing this service to be provided. We have just re-opened meeting halls and are tentatively taking some bookings, so are hoping this position will improve for Q3 reporting.

Expenditure

5.9 **Development & Regeneration:** The underspend relates to a few posts held vacant for the early part of the year. The delivery of new development projects has not required this resource as the service has focused on establishing a development pipeline. The development pipeline of 342 units is now established and following procurement and

planning this resource in the structure will be required as the service increasingly moves into delivery from 2021/22.

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

6 HRA Capital Programme

- 6.1 The HRA approved Capital Programme is £118.3m. This consists of £13.8m of new schemes approved for 2021/22 plus £104.5m of previously approved schemes in prior years (see **Appendix A**).
- 6.2 The Council plans to finance this investment through the Major Repairs Reserve, Capital Receipts, Revenue Funding and Borrowing (see **Appendix B**).
- 6.3 The HRA Capital Programme relates to in-year works and longer-term schemes that will be completed over the next ten years. The current planned profiled spend is summarised in **Appendix C**. The budget has been profiled to reflect the estimated timing of costs for the approved schemes, with £29.9m profiled to be spent in 2021/22 with the balance of £88.4m projected forward into future years.

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

procurement capacity, with additional temporary resources recently recruited to help mitigate this.

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

7 HRA Earmarked Reserves

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

Table 3: Earmarked Reserves Balances

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

8 HRA Unearmarked Reserves

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

Table 4: HRA Unearmarked Reserves Balance

	Approval	£'000

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

9 Risk and Uncertainty

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

- 9.6 **Garage Rental Income:** This is expected to be lower than budgeted due to a reduction in activity in advertising lettings and planned voids in certain areas pending change in use. Work is currently being undertaken to improve marketing of empty garages to increase income for the latter part of this year and next year.
- 9.7 **Repairs & Maintenance:** Overall this is a very demand led and reactive service based on the needs of the tenants. There are also a number of uncontrollable variables associated with this service such as the weather (e.g. cold winters causing burst pipes, roof leaks, etc), condition of properties when returned (e.g. void refurbishments), consumer demand on minor internal / external repairs (e.g. broken door or fence) and the type of repair work required. Market pricing of materials etc can also be volatile with some unit costs increasing in recent months. As such the levels of demand do not always follow a recognisable trend. We therefore caveat the forecasts in these areas to account for fluctuations.
- 9.8 **Fleet Contract:** On the 1st October 2021, the Council entered into a new contract for the maintenance and supply of its fleet. The cost of actual vehicle requirements for each service area are being finalised. Once this work is complete then costs and budgets can be realigned and updated forecasts reported. Therefore, for Q2 the fleet maintenance costs have been forecast to budget until a more accurate forecast can be calculated.
- 9.9 **Landlord Compliance:** A review of all compliance areas against every property for which Somerset West and Taunton Council has landlord property compliance responsibility has largely been undertaken. The compliance works required following this review are currently being planned and procured. Whilst additional budget provision has been added for 2021/22 the full extent of the financial pressure remains uncertain as more information is gathered.
- 9.10 **Electrical Compliance:** As noted above, a high number of remedial works have been identified from the electrical inspection condition reports. The majority of this is expected to fall under 'major' works and capitalised. However, an unknown proportion of this will only be 'minor' works and will need to be funded from revenue presenting a potential overspend.
- 9.11 **Job Costing Charges via Open Contractor (OC):** The project lead is thoroughly reviewing and improving the efficient and accurate operational use of OC. The underlying issues around timing of information and accuracy of coding still remains and the ability of services to accurately forecast their outturn position on charges coming from OC remains low though still largely affected by the demand led nature of the service. Reporting 'work arounds' have been developed to assist budget holders with their forecasting whilst the project progresses.
- 9.12 **Staff Pay Award:** The budgets have been set based on 0% pay award for 2021/22 following the government's announcement in respect of public sector pay. However, pay negotiations are still being undertaken. The current forecast estimates a 1.75% pay award increasing direct staffing costs by c£175k. The Executive have agreed in principle that the final pay award will be funded from General Reserves.

- 9.13 **COVID-19:** The impact of COVID during the last financial year included delays in responsive repairs works (Revenue) and planned major and improvement works (Capital) reducing spend in these areas. The repairs non-emergency backlog is being resolved by recruitment of additional resources for the in-house trade team and by use of external contractors. However, we continue to have difficulty in recruitment of in-house skilled tradespersons for a range of work areas. We continue to carefully monitor and manage progress in this area and keep residents informed in relation to their repair requests.
- 9.14 The ongoing impact of the pandemic presents a risk to the Housing Service, particularly in terms of revenue collection as well as impact on tenant mental health and wellbeing. We have already seen a drop in inflation rates impacting our future income and expenditure, however another significant risk relates to financial hardship that will result from the impact of COVID, particularly following the ending of government support such as furlough and the current uplift in Universal Credit. The net result is unclear with respect to unemployment however inflation and UC will result in much tighter finances for many households which will impact on their ability to pay rent. Furthermore, there may be an increasing need to invest more in support services for tenant households affected by the impact of COVID. This could present across a range of service demands including increased debt and benefits advice; unemployment support, mental health support; anti-social behaviour intervention, safeguarding and domestic abuse support.
- 9.15 In addition, there has been substantial increases on a range of construction materials (and this pattern is expected to continue). Also, difficulties in recruitment of construction professional and trades staff for both normal work levels and COVID backlog is leading to salary inflation. Both factors are putting further pressure on several revenue and capital budgets.
- 9.16 **Unitary Authority:** The Secretary of State has announced his decision on the future of local government in Somerset and has chosen the "One Somerset" option put forward by the County Council. This means there will be one new council for Somerset replacing the existing five councils in April 2023. The costs of implementation will be significant and will bring significant additional demand on officers to support the process with potential additional capacity required.
- 9.17 It is currently unknown what the future potential HRA costs will be because of this decision, and whether these costs will need to be funded using revenue or capital budgets. From a capital perspective the business plan does provide some headroom to allow non-right to buy receipts to be used as flexible capital receipts to fund transformation costs. However, this direction ends on the 31 March 2022 and whilst a statement of intent has been issued by the Government to extend this directive for a further three years, this has not yet been confirmed. Revenue costs of implementation are not currently budgeted and will place additional pressures on the HRA budget and reserves, thus we will need to review planned expenditure and reserves to make this affordable.
- 9.18 **Right To Buy (RTB) Receipts:** This is a government policy that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. The receipts allowed to be retained by the Council can now fund up to 40% of new social housing

costs and must be used within five years of receipt, following a temporary amendment to the scheme policy from the 1 April 2021. To date, the Council has successfully fully spent all of their retained 1-4-1 receipts resulting in no returns being made to the Treasury/DLUHC.

- 9.19 Whilst projected spend on new build developments is currently adequate to meet 1-4-1 spend requirements this is dependent on the successful delivery of these social development schemes. There is a risk that progress on new build schemes could be delayed and purchasing houses on the open market is also hindered, both as a direct result of COVID, and may result in funds being return to DLUHC/Treasury.
- 9.20 **Welfare Reform and Universal Credit (UC):** The impacts of Welfare Reform and UC are significant with the number and value of rent accounts in arrears expected to increase considerably. Several mitigations are already in place to help support tenants affected by Welfare Reform and UC such as debt advice, access to discretionary housing payments and an arrears management team with redesigned workflow processes. Welfare Reform and UC may require the Council to revise future income projections as our experience with Welfare Reform and UC develops.
- 9.21 **Responding to increased stock quality standards:** Changes to the Regulator of Social Housing's decent home standard as well as higher thermal efficiency standards which are unsupported by additional external grant funding would place an additional burden on HRA resources available for elemental investment in homes. Once the detail is known, we will need to adapt to ensure we continue to maintain stock at the Decent Homes Standard and prepare to meet all the evolving expectations, incorporating the financial impacts into the Business Plan.
- 9.22 **Building Regulation and Fire Safety:** The Grenfell Tower fire and subsequent Review of Building Regulation and Fire Safety bring several operational and financial risks. These have been mitigated with the increases in revenue and capital budgets approved for 2021/22 for compliance related work. However, the exact costs are currently unclear. There are likely to be other impacts, such as on the repairs budget due to additional work to communal areas, more intensive management of flat blocks and further resilience within teams to respond to the volume and breadth of enquiries. We will need to ensure continued compliance with these statutory requirements.
- 9.23 **Housing White Paper:** In November 2020 the Government published the Housing White Paper which sets out the changes to how social landlords will operate. It will require several changes to home safety, tenant satisfaction measures, complaints handling, a new inspection regime for social landlords and a strengthened role for the Regulator of Social Housing. Many of the new changes in the white paper have already been mitigated in Housing by strengthening our compliance activities, setting up the new Housing Performance Team to be responsible for communications, performance data and engagement but this will need to be kept under review and self-assessment has begun.

10 Links to Corporate Aims / Priorities

- 10.1 The financial performance of the Council underpins the delivery of corporate priorities

and therefore all Corporate Aims.

11 Partnership Implications

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

12 Scrutiny Comments / Recommendations

12.1 This report was considered, and the recommendations supported by the Community Scrutiny Committee on 24 November 2021.

12.2 The main comments and questions were related to:

- a) The overspend on repairs and maintenance and compliance to obtain a better understanding of the reasons for the overspend and management action to contain this. The discussion extended to the performance in these areas last year and the expectations of spend levels next year. The Director of Housing referred to the backlog of jobs as a consequence of covid, the rising cost of materials and labour seen across the sector, the need to ensure that surveys are being undertaken to ensure we are compliant in all aspects of electrical, gas, asbestos etc and be able to put in place remedial action where required.
- b) The challenging economic environment and the level of risk this presented in terms of fluctuating rates of interest impacting our interest payments due on our external borrowings. The Management Accounting and Reporting Lead explained that the majority of our existing external borrowings are on fixed rates of interest so there is no risk here. The two that are on variable rates of interest are being monitored and are currently presenting minimal risk.
- c) The forecast under recovery of rental income and the reasons for this. The Management Accounting and Reporting Lead explained that the budget is set based on an assumed level of properties and voids. The current position is affected by the phasing of decants at North Taunton and the loss of rental income associated with this. The Director of Housing further added that in prior years the rental income position has been favourable and therefore it is hoped that this position will improve by the end of the year.
- d) The social development schemes in relation to (a) supplier contracts and what guarantees and / or protection exists to mitigate any impact of covid and market conditions, (b) concern to the continuation of these schemes with regards to transitioning to the new Somerset Council and (c) these schemes being delivered within budget in an economic environment of rising costs. The Assistant Director of Development and Regeneration explained that (a) a bond equivalent of 10% of the contract price has been included within the contracts and each phase will require its own individual contract to cover this aspect of risk, (b) that all assets, liabilities and obligations will transfer into the new Somerset Council so these schemes will continue post vesting day and the combined HRA's will continue to review the affordability of each scheme prior to signing contracts to new phases, and (c) the council generally uses design and build contracts which provides clarity of costs

- when the contract is signed and through this mechanism the council can ensure it progresses with schemes within budget.
- e) The garage sites and if consideration has been made to make use of these for development opportunities. The Director of Housing explained the service has completed a garage site review and that a small number of sites are suitable for development. Some pipeline development are utilising HRA garage sites. There has been a conscious drive to reduce the level of voids seen in garages and that the team has already increased lettings by 40 units in the last month which will improve the rental income position in this and next financial year.
 - f) The request to return £175k earmarked reserve for change back to general reserves. The Director of Housing explained that earmarked reserves should be held for a specific purpose, that we will be using the flexible capital receipts option this year to fund transformational costs from existing capital receipts and that the principle is that these funds should be returned to general reserves if no longer required.
 - g) An enquiry around air source heat pumps. The Director of Housing explained that the service has installed c600 air source heat pumps utilising a one-off grant. These are only installed where insulation is appropriate. The service has conducted a survey of tenants with air source heat pumps and this has generally been positive.
 - h) The risk and uncertainty relating to building regulations and fire safety, and whether the government has given any indication of the potential cost of this. The Director of Housing provided an update to say that the service has already invested in some measures to prepare for the requirements of future expected legislation. The exact costs will be specific to local circumstances and stock profile.

Democratic Path:

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

Reporting Frequency: Quarterly

List of Appendices

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

Contact Officers

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

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

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

Appendix A: HRA Approved Capital Budget

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

Appendix B: HRA Capital Financing of Total Approved Budget

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

Appendix C: HRA Annual Profiling of Approved Capital Budget

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

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

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

Somerset West and Taunton Council

Executive – 15 December 2021

Corporate Performance Report, Quarter 2 2021/22

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 first half of the 2021/22 financial year (1st April 2021 – 30th September 2021). 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. The report also includes the key business risks for the council. Corporate Scrutiny considered the report on 1 December 2021 and have asked the Executive to consider the recommendations set out in section 7 below.

2. Recommendations

The Executive are asked to note the Council's performance report for quarter 2.

3. Risk Assessment

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

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. The Covid pandemic continues to have an impact and the Council's response is being achieved in addition to the regular day-to-day responsibilities. Specifically, the report provides:

- A progress update against the actions to deliver the Council's Annual Plan at the end of the first six months of the financial year;
- The position in respect of our key performance indicators at the end of quarter 2 of the financial year; and
- A summary of the Council's key business risks and issues together with the current status of the actions being taken to respond to them.

4.1 Summary of Performance

The Council's Corporate Strategy contains four priority strategic themes. Each year the Council produces a plan (the Annual Plan) to identify actions to assist in the delivery of the four strategic priorities. The plan for this year identifies 31 actions.

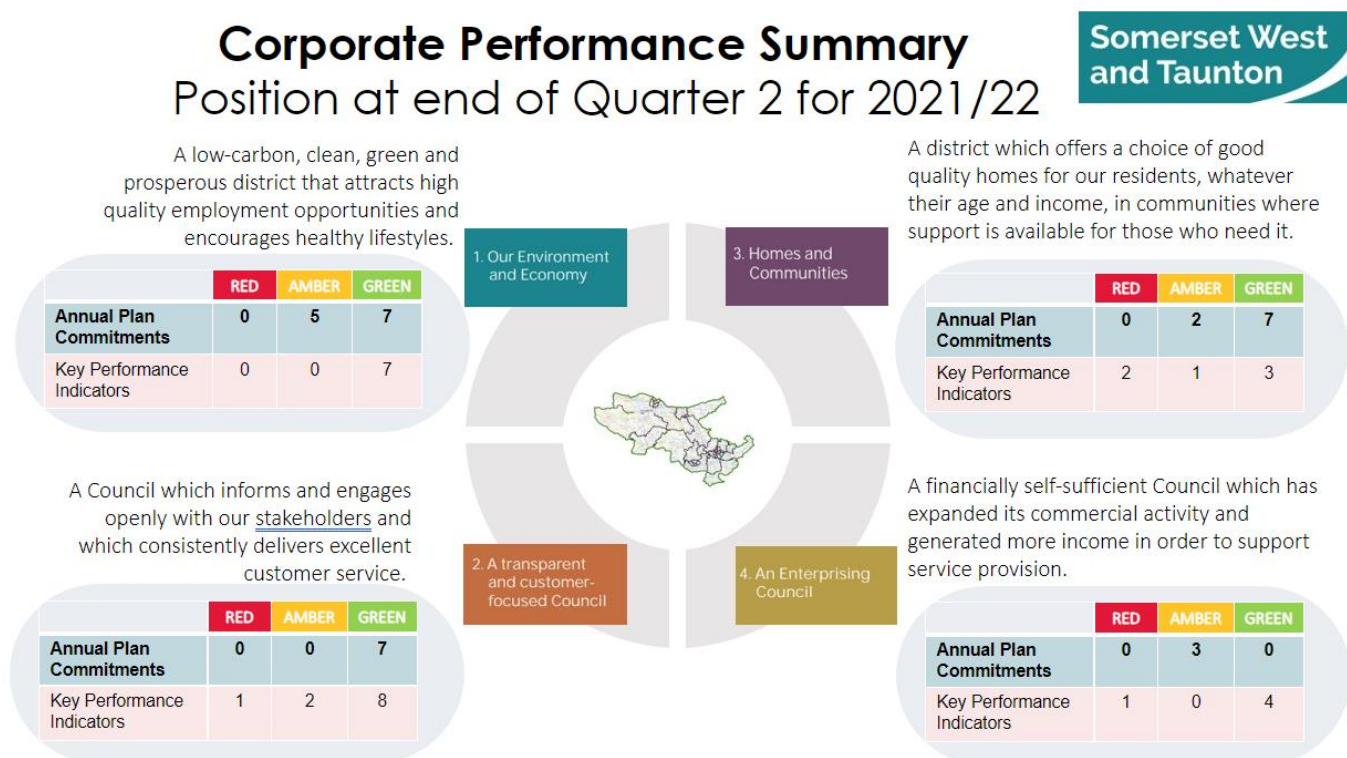
In addition, we monitor progress against a range of Key Performance Indicators (KPI's). These KPI's are used to monitor progress in delivering key services and to enable us to quickly identify and rectify any problem areas. We have also linked each of these KPI's to the four corporate priorities to indicate where they support the delivery of those priorities.

The graphic below provides an overview of performance as at 30 September 2021 against the 31 commitments in the Annual Plan and our Key Performance Indicators.

Each commitment has been rated as either Red, Amber or Green to indicate whether we are on schedule.

Full details of the progress to date against each of the KPIs and the Annual Plan actions can be found in appendices 1 & 2 below.

In summary this indicates that of the 31 Annual Plan commitments, 21 are Green, 10 are Amber, and none are Red. Of the Key Performance indicators, 22 are Green, 3 are Amber and 4 are Red.



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 first half of the 2021/22 financial year. The table includes a “direction of travel” arrow to show whether performance has improved, worsened, or stayed the same, since the end of Quarter 1.

For the majority of indicators the target has either been met or, in many cases, has been exceeded. Overall there are 4 ‘Red’ and 3 ‘Amber’ indicators, which are being monitored closely. More information is provided below regarding the red and amber indicators.

Percentage of complaints responded to in 10 working days:

The percentage of complaints responded to in 10 days for the first half of this year is 83%, which is below the target of 90%. Although below target, 83% still represents a significant improvement on the position at this time last year. This demonstrates that the focussed work we are undertaking to address the way complaints are managed continues to be mostly successful.

The monthly figures indicate a stabilisation of this years downward trend in response rates between April and September (April: 89%, May: 86% and June: 83%, July 77%, August 77%, September 77%). Clearly this is still of concern and it’s worth briefly covering the reasons for this as detailed in last quarter’s report.

The number of complaints received has increased significantly from those received in the previous financial year. Higher volumes of complaints present challenges in some areas in being able to respond within the target time. We are also receiving a number of more complex complaints, where, due to their complexity, it is not realistic for us to be able to respond within the timeframe. Customer expectations are also increasing and there is growth in complaints being registered, this is a trend reported sector wide and also by the Housing Ombudsman (April-June 2021, 21% increase in volume of enquiries and complaints and 230% increase compared to complaints received April-June 2020).

Additionally, we now operate a two-stage complaints process in line with Local Government Ombudsman guidance and the Housing Ombudsman Complaints Code. 65 complaints received so far this year are second stage ‘appeals’, which we would not previously have received under the single stage process in previous years.

The increase in the number is also reflective of the ongoing issues we experienced with waste collection between May and September and in response to our resuming full debt recovery processes for unpaid debts and taxes. These issues generated increased numbers of telephone calls and an increased number of resultant complaints where we were unable to answer those calls in a timely manner.

We reviewed our complaints process last year, introduced changes, provided training and have continued to maintain a focus on complaints response times. Over 70 staff within the Housing Directorate have received training by the Housing Quality Network

to improve the quality of responses. Overall these changes and focus on complaints continues to deliver significantly improved response times.

Average call wait times:

The aim is to answer calls within 60 seconds, but for September, the average call answering time was 177 seconds.

This results from an increased number of calls, the challenging nature of the calls and an increase in the duration of those calls. Much of this is attributed to the unprecedented issues faced by Somerset Waste Partnership and the contractor Suez over the last five months. We have also resumed normal recovery processes for Council Tax, Business Rates and miscellaneous income which has also influenced call volume and duration. Call performance has also been impacted by the reopening of the Customer Hubs. This has drawn Customer Champions away from call handling in order to staff the hubs. Whilst footfall in the hubs is low, we have to maintain a minimum staffing level to ensure we can deal with customers when they do visit our offices.

Recruitment to fill existing vacancies and of additional temporary agency staff has been completed and our new team members are now trained and able to handle calls. This has had the desired effect and our performance targets have been achieved for the beginning of October 2021. This improvement will take some time to affect the overall results.

Forecast budget variance for Housing Revenue Account.

Detailed commentary for this indicator is included in the separate Budget Monitoring Report.

Cumulative percentage of the amount of Business Rates collected.

The cumulative figure at the end of Quarter 2 is 52.79% which is down 6.7% (£3.5 million) compared to the same period last year. However, a like for like comparison between this year and last is impossible because the amount of Business Rates being collected rose significantly from £23 million last year to this year's £49 million. This significant in-year increase in debit skews our collection forecasts. The in-year debit increase is due to the ending of the Covid related 100% Retail Relief. We anticipate collection rates improving steadily over the next 6 months with an increase in our recovery actions and businesses starting to return to a sense of normality.

The Council is in a much better position compared to last year. Automated monthly reminders and regular Summonses are both being issued increasing cashflow. We are actively encouraging people and businesses who are having trouble in making payments to contact us in order that we can agree affordable payment arrangements with them. Shown below is a snapshot of our recovery stages to show case progression from Quarter 1 to Quarter 2. It should be noted that in year collection is monitored daily by the Income Specialist and Revenue managers.

Recovery Stage	End of June	End of September
	Page 82	

Bill	26 million	17 million
Reminder	4.8 million	3.6 million
Final Notice	631k	2.3 million
Liability Order/Pre-Bailiff	431k	109k
With Bailiff	0	171k
Bailiff Return	0	8k

Number of families in B&B for over 6 weeks.

The performance indicator reports on the position as at the end of the quarter. On the 30 September 2021 there was one family that had been in B&B for more than 6 weeks. This is the only time during the past quarter that a family has been in this situation and for the whole of July and August, this did not happen at all. Temporary accommodation was identified for the family, but their ability to occupy was delayed due to a significant amount of work being required before it could be let.

In order to avoid this happening again we have put in place a change of focus in the weekly meetings designed to identify those cases where we may need to look at alternative solutions if temporary accommodation is not available. We have also focused an officer entirely on moving-on those in temporary accommodation in order to free this up for those either in B&B or ideally for customers to move straight into when required. Currently we have a huge pressure on two bed properties and so we are particularly focusing on these. In order to assist in the quicker turn-around of properties we have started regular inspections of temporary accommodation properties to ensure tenants are keeping them to a good standard.

Average re-let times.

The average re-let time for council properties over the past quarter was 52.7 days, which exceeded our target of 44 days. This is a particularly challenging time for void management and conversations with directors across the Somerset Housing sector have shown that all Housing Providers are struggling with increasing void times. Common factors include scarcity of key tradespeople (such as electricians), both in-house and through external contractors, many of whom have been attracted to other work such as Hinkley; and lack of availability of some materials, which inevitably holds up work. For SWT, we have also noted a higher proportion of Major Voids (compared to Minor Voids) which skews our turnaround times higher. That said, we are working on a plan to improve void turnaround times. The plan includes:

- Strengthening our approach with departing tenants to ensure they leave the property clean and tidy
- Providing decoration packs for able-bodied tenants, rather than undertaking full redecoration to let the property quicker
- Investigating how we streamline the asbestos process to reduce delays due to surveys and works
- Implementation of the voids module on Open Housing which will allow improved performance management of the overall voids process
- Look to undertake major capital works as part of the capital programme where possible, after the tenant moves in, rather than during the void. This will also be more cost effective through economies of scale.
- We will undertake a 'deep dive' review with Homes in Sedgemoor to compare approaches and share best practice

- Explore voids inspections and scheduling software that can lead to a more efficient inspection and scheduling of trades staff into the properties and flag up capacity issues to allow earlier resolution.

Performance for the indicator which measures the “Income collected as a percentage of rent owed, excluding arrears brought forward” is above the target, and is rated as green. The performance is slightly over 100% because tenants have paid more than is due in the period i.e. they are paying towards their rent arrears as well as paying the current rent due in the period – in setting the target the formula assumes arrears balances brought forward are being excluded but the income tenants have actually paid towards their arrears is not being excluded.

Completion of emergency housing repairs in 24 hours.

The target is to complete 100% of emergency repairs within 24 hours. Our performance of 99.9% represents one emergency repair in the last six months that took 15 minutes longer to complete than the 24 hour target.

4.3 Annual Plan Commitments

Progress against the actions contained in the Annual Plan is reported every six months. This report provides an update on the position as at 30 September 2021.

In total, 21 of the 31 commitments are rated as Green, meaning that progress was as anticipated at the start of the financial year. There are 10 commitments which are rated as Amber, meaning that there has been some slippage. None of the commitments are rated as Red. A more detailed update on each individual commitment is included in Appendix 2.

4.4 Risk Management update

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 and issues. As new risks or issues are identified they are included on the risk register or issues log 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. The Risk Scoring Matrix used to score the risks is attached at Appendix 5. 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 the end of September there were 4 Key Business Risks (with a score of 15 or higher) on the risk register which are shown in Appendix 3.

As of the end of September the Corporate Issues Log contained 2 Issues which are shown in Appendix 4.

Appendices 3 and 4 provide a summary of the key risk or issue together with the current status of the development and delivery of any mitigation plans required to address them.

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 Corporate Performance which is fundamental to the implementation of the Corporate Strategy.

6. Finance / Resource Implications

The detailed financial position is available in a separate budget monitoring report.

7. Corporate Scrutiny Recommendations

This report was reviewed by Corporate Scrutiny on 1st December 2021. Corporate Scrutiny considered and agreed a recommendation in respect of the feasibility study referred to in item 6 on page 36 of the report (i.e. the Annual Plan commitment to increase opportunity for new jobs and businesses in Minehead and West Somerset by completing an employment and land sites feasibility study).

The Corporate Scrutiny voted and agreed that the following recommendation be put to the Executive when they consider the report on 15th December:

- 1) Clarify why a small part of the district with little infrastructure is taking precedent to the County Town of Somerset.
- 2) Clearly identify the costs both in terms of revenue and capital associated with these feasibility studies or business case studies in Minehead and West Somerset and future ones before January 2022.
- 3) Which sites in Minehead and West Somerset are being considered and where will it fit within the overarching plans for Somerset West and Taunton.

A number of specific questions were raised at the meeting regarding a range of issues on the report and officers are responding to these.

Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes**
- **Cabinet/Executive – Yes**
- **Full Council – No**

Reporting Frequency: Quarterly

List of Appendices (delete if not applicable)

Appendix 1	Key Performance Indicators Report for Q2
Appendix 2	Annual Plan Commitments update
Appendix 3	Corporate Risk Register – Key Business Risks
Appendix 4	Corporate Issues
Appendix 5	Risk Scoring Matrix

Contact Officers

Name	Richard Sealy	Name	Malcolm Riches
Direct Dial	01823 217558	Direct Dial	01823 219459
Email	r.sealy@somersetwestandtaunton.gov.uk	Email	m.riches@somersetwestandtaunton.gov.uk

SWT Performance report 2021/22

Link to Corporate Strategy	Full definition	Target 2021/22	Quarter 1	Year to date Quarter 2	Direction of Travel since Q1	Denominator	Year to date	Numerator	Year to date
Transparent & Customer Focused	% of complaints responded to in 10 working days	90%	86%	83%	↓	Total number of complaints received each month	664	Number of complaints responded to within 10 working days	548
	% of FOI requests responded to in 20 working days	75%	97%	92%	↓	Total number of FOI requests received each month	198	Number of FOI responded to within 20 working days	183
	% of calls to Deane Helpline answered in < 60 seconds	90%	94%	95%	↑	Total number of calls to Deane Helpline in the month	182936	Number of calls answered in under 60 seconds	173711
	Average call wait time (secs) for the last month	60 secs	113	177	↓				
	Cumulative percentage of the amount of Council Tax collected*	97%	34.08%	61.22%	↑	Total amount of Council Tax to be collected by the 31st March	£109,813,363	Amount of Council Tax collected in the year so far	£57,050,022
	Cumulative percentage of the amount of Business Rates collected*	95%	25.98%	52.79%	↑	Total amount of Business Rates to be collected by the 31st March	£49,067,050	Amount of Business Rates collected in the year so far	£20,837,012
	Average processing times of new Housing Benefit claims	19 dys	17.11	15.40	↑	Number of new Housing Benefit claims received	377	Total number of days	5804
	Average processing times for changes in circumstances for Housing Benefit claims	9 dys	4.76	4.71	↑	Number of new Housing Benefit Change of Circumstances received	5340	Total number of days	25140
	% of Licensing applications process within required timescales	90%	89%	90%	↑	Number of licensing applications processed	738	Number of licensing applications responded within timescales	663
	Sickness Absence	7.2 dys	1.28	3.27	↑	Total working days lost for all employees in the month	1907.5	Number of FTE staff	3481
Staff Turnover	< 12	2.42	5.35	↑	Total number of staff	583	Total number of leavers	31	
An Enterprising Council	Forecast budget variance for General Fund (net of potential carry forwards).	£0	+£237k	0	↑				
	Forecast budget variance for Housing Revenue Account	£0	+£610k	+£566k	↔				
	Forecast level of uncommitted reserves for General Fund.	£2.4m	£5.556m	£4.793m	↔				
	Forecast level of reserves for Housing Revenue Account.	£2m	£2.273m	£2.493m	↔				
	On target for Commercial Income Generation	£2.9m	Yes	Yes	↔				

Link to Corporate Strategy	Full definition	Target 2021/22	Quarter 1	Year to date Quarter 2	Direction of Travel since Q1	Denominator	Year to date	Numerator	Year to date
Environment & Economy	% of reported fly tipping incidents responded to within 5 working days	80%	75%	81%	↑	Number of fly tipping incidents	447	Number of fly tipping incidents repoded to within 5 days	361
	% of service requests for street cleansing actioned within 5 working days	85%	93%	91%	↓	Number of service requests for street cleansing	572	Number of service requests actioned within 5 working days	523
	% of major planning applications determined within 13 weeks (or within agreed extension of time)	75%	100%	100%	↔	Total number of major planning applications received	10	Total number of major planning applications determined within 13 weeks or agreed extension	10
	% of minor planning applications determined within 8 weeks or agreed extension of time	65%	80%	81%	↑	Total number of minor planning applications received	162	Total number of minor planning applications determined within 8 weeks	131
	% of other planning applications determined within 8 weeks or an agreed extension of time.	80%	90%	88%	↓	Total number of other planning applications received	506	Total number of other planning applications determined within 8 weeks or an agreed extension	447
	% of planning appeals that have had the decision overturned	33%	42%	33%	↑	Number of appeals received	42	Number of appeals where the decision is overturned	14
	% Play area inspections completed to schedule	100%	100%	100%	↔	Play areas to be inspected	882	Inspections carried out	882
Homes and Communities	Income collected as a % of rent owed excluding arrears brought forward	98.30%	102.97%	100.05%	↓				
	Number of families in B&B over 6 weeks (position at end of Quarter)	0	0	1	↓				
	Average re-let time in calendar days (key to key)	44 dys	52.1	52.7	↔	Total Number of dwellings let following void process	154		
	% of housing dwellings with a valid gas safety certificate (LGSR)	100%	100%	100%	↔	Total number of dwellings requiring a valid gas safety certificate	4480	Total number of dwellings without a valid gas safety certificate	0
	% of communal areas with a Fire Risk Assessment (FRA) in place and FRA Review complete (where applicable)	100%	100%	100%	↔				
Completion of housing emergency repairs within 24 hours	100%	100%	99.9%	↓	Total number of emergency housing repairs	1409	Total number of emergency housing repairs completed in 24hrs	1408	

* The current figures appear well below target, but these are cumulative totals.

The column titled Direction of Travel, shows whether performance has improved, worsened or is similar to the last report for the end of July.

- ↑ Performance has improved
- ↓ Performance has got worse
- ↔ Performance is similar

Corporate Priority Area	Ref	Annual Plan Commitments 2021/22 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	Update on position at the end of September 2021	RAG
Our environment and economy	1	Continue to deliver projects that work towards making ours a carbon neutral district by 2030 through our Carbon Neutral Climate Resilience Action Plan.	<p>Our climate change delivery team continues to deliver projects as set out in our CNCR 10 year plan. In the first year we delivered actions identified as 'immediate' such as</p> <ul style="list-style-type: none"> • Provided climate change training to all our staff and elected members • Started the transition of our pool car fleet to electric vehicles • Installed Electric Vehicle Charging Units at Blackbrook Leisure Centre in Taunton, Alexandra Road car park in Minehead and Exmoor House car park in Dulverton • Been awarded OZEV funding to install Electric Vehicle Charging Points within our SWT owned car parks across the district • Launched our free tree scheme for parish and town councils • Supported parish and town councils with grant funding to install Electric Vehicle Charging Points • Worked with Wessex Water to install water refill stations in Taunton, Wellington and Minehead • Retrofitted waterless urinals within our public toilets • We are leading on the 'Recycling on the Go' project for Somerset Waste Partnership • Approved to take part in the Department for Transport EScooter trials and have launched schemes in Taunton and Minehead <p>Work is now underway to identify priority projects from year 2 and year 3 of the plan to deliver from 2022 onwards.</p>	Green
	2	Deliver Recycle More, the expanded household recycling service, to make it easier for everyone to increase the amount they recycle.	<p>Phase 3 (Taunton Deane) is currently in delivery stage with the first leaflet being sent out in Sept and the second leaflet and blue bag delivery in WC 18/10. Route changes and staffing have been put in place. Additional staff at SWT call centre have been recruited. A comms plan has been agreed and being delivered. New collections are due to commence on WC 1/11. Transfer Station building works are due to be completed end of Oct but contingency plans in place if any delays.</p> <p>Phase 4 (West Somerset & Sedgemoor) Now at planning stage for start in Feb/March 2022.</p> <p>National driver shortage and contractor performance issues continue to put project at risk. Material delivery issues due for building works for phase 4 may also cause a further delay.</p>	Amber
	3	Deliver a programme of creative initiatives to support the recovery and growth of our town centre businesses.	<p>Following the launch of the £535k SWT Town Centre Recovery Fund in July 2020, and the Welcome Back Fund in June 2021 an extensive range of creative activities and events have been delivered across Taunton, Wellington, Minehead, Watchet, Porlock, Dulverton, Dunster and Wiveliscombe. Each town centre has recorded an increase in footfall and the overall vibrancy and reputation of the towns that has encouraged first time and repeat visits. A full list of the creative initiatives funded are available from the Economic Development Team.</p>	Green
	4	Complete the redevelopment of one of our prime riverside quarters, Coal Orchard in Taunton.	<p>Scheme has been delayed due to national material and labour shortage, and Covid19 related impacts on programme.</p>	Amber
	5	Progress individual planning applications on Firepool, for Block 1 (Firepool South, next to the Viridor building) as well as Block 3 (Firepool North next to Trenchard Way) with a view to starting work on site in late 2021 and start on site of the Digital Innovation Centre at Block 6 (Firepool North).	<p>Block 1 is caught by phosphates with a timeline to be determined by mitigation solutions.</p> <p>Block 3 and Infrastructure / drainage and levels submitted in October</p> <p>Digital Innovation Centre started on site October 21</p>	Amber

Corporate Priority Area	Ref	Annual Plan Commitments 2021/22 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	Update on position at the end of September 2021	RAG
	6	Increase opportunity for new jobs and businesses in Minehead and West Somerset by completing an employment land sites feasibility study.	A feasibility study was carried out in Summer 2021, which reviewed a wide range of sites, as well as assessed business demand. The development appraisal concluded that one specific site and another location both offered potentially viable options for investment and development. A decision was made to further explore these sites in more detail (rather than bring forward business cases for the Council to consider), and in particular firm up some of the key variable costs, which in turn would lead to more robust business cases. Significant work has been going on to investigate costs and issues associated with each site, and it is currently very likely that reports will be bought forward to Council in Feb 2022.	Green
	7	Present a full business case to open a train station in Wellington (if given the go-ahead from the 'Restoring Your Railway Panel')	The Strategic Outline Business Case is now complete was submitted to the Restoring Your Railways panel on 12 February 2021. We are now waiting on a final funding decision from the Department for Transport and HM Treasury which is due by November. A brief for the next phase of work (PACE 1) to achieve an Outline Business Case has been agreed with Network Rail. This can commence once the funding is in place.	Green
	8	Continue to gather evidence to support the review of the Council's Local Plan. The Local Plan is a very important set of policies that will set out how the district will develop over the next 20 years, such as where new housing will go and what we expect from developers in terms of affordable housing, infrastructure, how biodiversity will be improved and how our landscapes and heritage will be protected.	Continue to gather evidence to support a Local Plan as we transition to a Unitary Council. SWT Local Plan timetable unable to be completed prior to becoming a Unitary.	Amber
	9	Keep delivering our new Garden Communities toward delivery.	Delivery is ultimately in the hands of landowners, land promoters and developers - however SWT as LPA has dedicated Development Management resource facilitating approvals, legal queries, assisting project management and engagement with local communities in order to move matters forward. The 'phosphates issue' remains an overarching problem which will hamper delivery, viability and commercial confidence in the sites moving forward. Comeytrove - Circa 380 homes with reserved matters or resolution to approve with phosphate mitigation, show home open, and first occupations expected Q1 2022 Staplegrove East - Resolution to approve outline consent now implicated by the 'phosphates issue' and therefore delayed without a timescale for resolution. Staplegrove West - Outline consent granted, reserved matters now implicated by the 'phosphate issue' and therefore delayed, however a 'integrated constructed wetland' is being pursued as mitigation. Monkton Heathfield Phase 2 - Hybrid application expected Nov 2021, phosphate mitigation will be required prior to determination.	Amber

Corporate Priority Area	Ref	Annual Plan Commitments 2021/22 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	Update on position at the end of September 2021	RAG
	10	Enable development by finding a long-term solution to manage the phosphates issue on the Somerset Levels and Moors while finding a way to unblock stalled sites as soon as possible.	<p>SWT Interim phosphate programme considered at SWT Full Council on the 5th October 2021. Interim programme of measures allows some of the planning applications currently held in abeyance to be determined. As at 5th Oct 2021 this involved circa 113 applications and circa 3,016 homes. The interim programme aims to unlock between 700 to 1,350 homes in the River Tone Catchment area.</p> <p>All recommendations approved as drafted. Key recommendations:</p> <ul style="list-style-type: none"> • Approval of a capital budget of £2m for the purchase and creation of phosphate credits on a financially recoverable basis. • Governance and delegated authority arrangements for the interim programme. • Production of the Appropriate Assessment of the interim programme of measures and its sign off by Natural England. • Support use of legal powers (e.g. CPO's) to deliver cost- effective phosphate solutions. • All new residential developments (Council/private) to include water efficiency measures (110 litres per person per day) and to be a material consideration in determining proposals. 	Green
	11	Maximise the benefits from the decommissioning of the Hinkley Point B power station for local business and employment.	Sedgemoor, SWT and County are developing proposals in discussion with the Nuclear Decommissioning Agency to draw down funding to support Sedgemoor and West Somerset coastal areas and implement the recent Minehead development strategy. The collective pitch to Government to host the Nuclear Fusion R and D prototype facility on EDF land and Gravity was ongoing with Nuclear South West at the end of September, but subsequent announcements have confirmed the site did not make the Governments shortlist.	Green
	12	Complete decontamination and structural repairs at Toneworks, Wellington, to help preserve this place of significant historic interest.	Phase 1 decontamination works completed in Summer 2021. Phase 2 planning underway for further structural repairs to the heritage asset from Jan 2022 onwards.	Green

Corporate Priority Area	Ref	Annual Plan Commitments 2021/22 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	Update on position at the end of September 2021	RAG
A Transparenent and Customer Focused Council	13	Deliver a Customer Experience Programme to get a clearer picture of our customers and identify ways in which we can improve their experience of the Council.	The programme is underway. Customer insight survey complete. New complaints policy and process introduced. Analysis of 'General enquiries' undertaken and opportunities for improvement identified. External review of the ease of finding 'do it online' services complete and improvements identified and in development. Various tactical opportunities identified for improving the customer experience.	Green
	14	Commence a Service Efficiency and Improvement Programme to improve our internal processes to increase productivity and efficiency.	The programme vision, strategy & plan to deliver exist and are worked upon. 8 projects have started and a majority is planned to be completed by the end of the current financial year April 22. Financial and non-financial benefits start to be visible.	Green
	15	Deliver a new system to manage of programmes and projects within the Council to ensure better efficiency and effectiveness.	The process is in place, with the monthly PMO report presented to SMT. Further stakeholder liaison is taking place to promote process, refine benefits reporting and realise cashable savings.	Green
	16	Launch the newly elected Tenants' Strategic Group.	Launched in April 2021, already had 3 meetings	Green
	17	Update and distribute our housing tenancy handbook and new tenant's welcome pack.	Team have recommitted to undertaking this task as follows: Review existing handbook to be completed by end of November 2021 and; reviewed handbook to be checked by Housing Quality Network (newly appointed consultants) at November 2021.	Green
	18	We will carry on live streaming our public meetings in order to continue to make them accessible and inclusive for residents who want to participate but who are unable, or do not wish to, attend in person.	All SWT Committee meetings are live webcast or live-streamed (depending on the location of the meeting)	Green
	19	We will work to make the most of the talents that disabled people can bring to our workplace, with specific focus on how we can adapt to best support our current and prospective neurodivergent employees.	Highly commended award received for Neurodiversity project at MJ Awards. Disability confident employer status achieved. Neurodiversity project now ingrained with Equalities working group as a standard agenda. Work continuing on training for managers and staff on Neurodiverse conditions to embrace inclusivity and diversity in the workplace.	Green

Corporate Priority Area	Ref	Annual Plan Commitments 2021/22 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	Update on position at the end of September 2021	RAG
Homes and Communities	20	Start building 47 new low carbon Council homes and a new community facility at North Taunton.	NTWP Phase A commenced on site July 2021 and will deliver 47 new low carbon affordable Council homes. The homes will be 2050 zero carbon ready. The first homes will be complete July 2022 and all by May 2023. Future phases are planned to overlap. Phase A bringing forward more low carbon affordable council homes by 2025. A programme to build 61 Zero carbon Council homes has been delayed due to the need to create a phosphate mitigation strategy. The service believes it now has a mitigation strategy and is proposing this to Natural England in Oct 2021 and also submitting a planning application in Oct 2022 including the mitigation strategy in Taunton.	Green
	21	Acquire planning consent and start on site at Seaward Way, Minehead for the construction of 54 zero carbon homes.	Planning granted 14 July 2021 for 54 units. Tender via Westworks framework undertaken for Contractor. Contractor appointed and PCSA entered into 4th October 21. JCT contract to be entered into for main building works as soon as possible with build programme approx. two years.	Green
	22	Complete an options appraisal for Oake. This will identify the investment needed and timescales to manage the Council's defective non-traditional Woolaway homes in Oake, and any contribution to new affordable housing in that area.	A PID has been approved for Oake woolawys and the scheme has been submitted as part of SWT/consortium Social Housing Developmen Funding Wave One. Consultation has commenced with customers and delivery will commence Spring 2022.	Green
	23	Complete a Housing Strategy Demand Study which allow the Council to develop a joined-up approach to affordable housing investment focusing on where it's most needed.	This has been subject to some delay. The demand study will be presented to HSMT in October and Housing Briefing in November 2021.	Amber
	24	Deliver a Homelessness Improvement Plan designed to minimise homelessness, promote prevention and lead to reduced bed and breakfast costs.	Significant progress has been made in this area working in a very competitive housing market which is hampering prevention opportunities in the private sector and challenging affordability. The cost of commercial B&B has escalated due to demand and so focus is on early intervention and ensuring timely move-on from temporary accommodation to avoid increased use of B&B. Improvements to access to the service is being developed with an expected roll-out date of November 2021.	Amber
	25	Approve, and commence delivery, of an accommodation strategy to meet the housing and support needs of single homeless people within the District.	The Single Homeless and Rough Sleeper Accommodation Strategy, together with the associated delivery plan, was approved by Full Council on October 5th 2021. Delivery is progressing. We are now having detailed conversations with accommodation providers. The coordination of support services is being developed through the Better Futures Programme and the Somerset Homelessness Reduction Board.	Green
	26	As part of the move to a new IT system for Homefinder Somerset, we will introduce a new and improved form for applying for social housing within the district, that is as easy as possible for people to complete.	The new online application form went live on 2nd August. The new form has been developed following consultation with partner local authorities and landlords, and wider stakeholders including applicants.	Green
	27	Introduce at least two community pantry schemes into the District offering subsidised food for communities affected by Covid-19.	The first pantry has gone live in Rowbarton, Taunton. A second and third are anticipated to be online early in the new year 2022, being in Wellington and possibly Watchet	Green
	28	Review and improve the Council's CCTV to provide a more effective service and better value for money.	This review is underway and savings have been identified and incorporated into the budget setting process. There is further work to be done on overall improvement of the estate, such as digital upgrade and linking the existing scheme in West Somerset to the monitoring service at Sedgemoor. These will come forward fully during 2022 and 2023.	Green

Corporate Priority Area	Ref	Annual Plan Commitments 2021/22 https://www.somersetwestandtaunton.gov.uk/your-council/annual-plan/	Update on position at the end of September 2021	RAG
An Enterprising Council	29	Complete our programme of commercial property acquisitions that generate additional income.	Likely to be 77% complete by end of October, aiming for fully complete by year end 2021.	Amber
	30	Deliver an asset management plan so we can make informed decisions on the investment or disposal of our land and property assets to maximise future income.	Asset Review Project has assembled information, pending provision of Asset Database for data collation and analysis (joint procurement with SCC, live 2022-2023).	Amber
	31	Form a dedicated delivery company, owned by the Council, to deliver Town Centre Regeneration projects in addition to those brought forward by the private sector.	Work continues on the formation of the delivery company, as the business case has been affected by phosphates. Once the implications on the commercial delivery have been appraised the delivery company model can be updated and progressed.	Amber

Appendix 3 Key Business Risks

REF	Risk details			Current score			Action summary		
	Name	Summary of the risk (cause) / What is the impact?	Date added	Imp.	Prob.	Total	Owner	Mitigation plan development status	Mitigation plan implementaton status
CR11	Cyber attack	Cause - Cyber Attack Impact - Potential for financial, legal and reputational damage or that we are targeted and locked out of essential systems.	Jun-20	4	4	16	Sean Papworth	G	G
CR15	Civil Contingencies and Organisational resilience	Cause: The Council is not able to assure a system approach to preparedness as a Category 1 Responder Impact (risk): The council would not meet its statutory duties as specified in the Civil Contingencies Act 2004	Oct-20	5	3	15	Stuart Noyce	G	G
CR23	Landlord Safety Checks	Cause: Failure to comply with Landlord Property Safety Compliance requirements. Impact (risk): Regulatory failure, failure to comply with the law, incident causing injury or death, negative PR, and financial loss (compensation and / or fine)	Mar-21	4	4	16	Ian Candlish	G	A
CR29	Delay in Recycle More	Cause: Delay in rollout of Recycle More Impact (risk): Significant financial risk as savings delivered by the scheme would not be made	Jun-21	5	3	15	Stuart Noyce	G	G

Green = key actions identified & mitigation plan in place	Green = mitigation actions on target or completed
Amber = key actions identified but plan not fully developed	Amber = mitigation actions behind target, but impact not significant
Red = key actions NOT identified & NO plan in place	Red = mitigation actions significantly behind target

Appendix 4 Corporate Issues

REF	Issue details					
	Name	Summary of the issue	Date added	Owner	Mitigation plan development status	Mitigation plan implementaton status
CI 9	Phosphates	Management of phosphate levels in Tone catchment, particularly regarding impact on planning applications.	Nov-20	Alison Blom Cooper	G	A*
CI 14	Health and Safety Improvement Programme	Low maturity health and safety management systems leading to increased risk of injury, reputational damage, legal challenge and financial loss.	Sep-21	Sean Papworth	G	A

Green = key actions identified & mitigation plan in place	Green = mitigation actions on target or completed
Amber = key actions identified but plan not fully developed	Amber = mitigation actions behind target, but impact not significant
Red = key actions NOT identified & NO plan in place	Red = mitigation actions significantly behind target

* Further information is available here:

<https://www.somersetwestandtaunton.gov.uk/planning/phosphates-on-the-somerset-levels-and-moors/>

APPENDIX 5

Risk Scoring Matrix

Impact

Risk Impact/Severity The impact of the threat being realised is defined as:

	Score	Impact	Definition
Very Low	1	No impact	No notable impact identifiable
Low	2	Minor	Affects only one group of stakeholders, with minimum impact
Medium	3	Significant	Affects more than one group of stakeholders, with widespread but short-term impact. May attract the short-term attention of legislative/regulatory bodies
High	4	Major	Affects more than one group of stakeholders with widespread medium-term impact. Attracts the medium-term attention of legislative/regulatory bodies
Very High	5	Catastrophic	Medium to long term impact on performance and delivery of services. Affects all groups of stakeholders, with a long-term impact. National impact with the rapid intervention of legislative/regulatory bodies

Risk Likelihood

The likelihood of the threat being realised is expressed on a scale of 1-5, using the definitions below

	Score	Likelihood	Definition
Very Low	1	Rare	May occur in exceptional circumstances
Low	2	Possible	Risk may occur in the next 3 years
Medium	3	Likely	The risk is likely to occur more than once in the next 3 years
High	4	Almost certain	The risk is likely to occur this year
Very High	5	Certain	The risk has occurred and will continue to do so without action being taken

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

Agenda Item 12

Document is Restricted

