

SWT Executive

Wednesday, 21st September, 2022,
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), Benet Allen, Chris Booth, Dixie Darch, Caroline Ellis, Mike Rigby, Francesca Smith, Andrew Sully and Sarah Wakefield

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 5 - 10)

3. Declarations of Interest

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

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

4. Public Participation

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

For those members of the public who have submitted any questions or statements, please note, a three minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue.

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5. **Executive Forward Plan** (Pages 11 - 12)
To receive items and review the Forward Plan.
6. **Proposal to increase the maximum hackney carriage fares** (Pages 13 - 32)
7. **Corporate Performance Report - Quarter 1 2022/23** (Pages 33 - 50)
8. **2022/23 General Fund Financial Monitoring as at Quarter 1 (30 June 2022)** (Pages 51 - 78)
9. **Access to Information - Exclusion of the Press and Public - Appendix E ONLY**
During discussion of the following item (Agenda Item 10 – Appendix E only) 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 (Agenda Item 10 – Appendix E only) 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).
10. **2022/23 Housing Revenue Account Financial Monitoring as at Quarter 1 (30 June 2022)** (Pages 79 - 104)



ANDREW PRITCHARD
CHIEF EXECUTIVE

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Members of the public are welcome to attend the meeting and listen to the discussions. There is time set aside at the beginning of most meetings to allow the public to ask questions. Speaking under "Public Question Time" is limited to 3 minutes per person in an overall period of 15 minutes 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. These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

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 1 clear working day 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 Friday prior to the meeting.

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The meeting rooms, including the Council Chamber at The Deane House, are on the first floor and are fully accessible. Lift access to The John Meikle Room (Council Chamber), is available from the main ground floor entrance at The Deane House. The Council Chamber at West Somerset House is on the ground floor and is fully accessible via a public entrance door. Toilet facilities, with wheelchair access, are available across both locations. An induction loop operates at both The Deane House and West Somerset House to enhance sound for anyone wearing a hearing aid or using a transmitter.

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SWT Executive - 20 July 2022

Present: Councillor Federica Smith-Roberts (Chair)
 Councillors Derek Perry, Benet Allen, Dixie Darch, Caroline Ellis, Francesca Smith and Andrew Sully

Officers: Chris Hall, Andrew Pritchard, Paul Fitzgerald, Clare Rendell, Chris Brown, Kerry Prisco, Lauren Finnimore, Malcolm Riches and Graeme Thompson

Also Present: Councillors Norman Cavill, Libby Lisgo and Loretta Whetlor

(The meeting commenced at 6.15 pm)

115. **Apologies**

Apologies were received from Councillors C Booth, M Rigby and S Wakefield.

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

(Minutes of the meetings of the Executive held on 15 June 2022 and 5 July 2022 circulated with the agenda)

Resolved that the minutes of the Executive held on 15 June 2022 and 5 July 2022 be confirmed as a correct record.

117. **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 N Cavill	All Items	SCC & West Monkton	Personal	Spoke
Cllr D Darch	All Items	SCC	Personal	Spoke and Voted
Cllr C Ellis	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr L Lisgo	All Items	Taunton Charter Trustee	Personal	Spoke
Cllr D Perry	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr F Smith	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr F Smith-Roberts	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr A Sully	All Items	SCC	Personal	Spoke and Voted

118. **Public Participation**

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

119. **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.

120. **Connecting our Garden Communities - public consultation**

During the discussion, the following points were raised:-

- Councillors queried work being carried out on bicycle maintenance sites within the Taunton town centre and whether this work was included in the project.
The Strategy Specialist advised that bicycle maintenance sites were part of a separate project, which was investigating different options for locations.
- Councillors suggested that 'paid for' bicycle storage could be used to ensure the storage was more secure.
The Chief Executive advised that bicycle storage was being factored into the provision as part of the car parks redesign project.
- The Leader of the Council understood that the report was only focused on the Garden Town, but that she would like to see the work rolled out across the District.
- Councillors queried whether the project had taken into account the outlying areas of Taunton.
The Strategy Specialist advised that the boundaries had been set for the original plans but that they would link to the countywide travel plans.
- Councillors suggested that work could be done to improve existing pathways to limit costs for the project.
- Councillors highlighted that the Risk Assessment was worth a read because it included information about urban extensions and ensuring the correct infrastructure was implemented.
- Councillors thanked officers for all their work.

Resolved that the Executive:-

- 2.1 Approved the Connecting our Garden Communities draft plan for public consultation.
- 2.2 Agreed that responsibility for any minor textual and visual changes and enhancements prior to publication for consultation were delegated to the Director for Development and Place and Climate Change in consultation with the Portfolio Holder for Planning and Transportation.

121. **Information Management Policies**

During the discussion, the following points were raised:-

- Councillors queried whether the Policies were included within staff inductions and continued training programmes.
The Information and Records Manager advised that the Policies had been included in staff inductions and that they would include them in the ongoing work for Local Government Reorganisation.
- Councillors queried how the Policy would be rolled out to all councillors.
The Portfolio Holder for Communications and Corporate Resources advised that there would be member briefings on the Policies and that the information would be available on the councillors' mobile devices to refer to.
- Councillors felt very reassured that the Policies were being brought forward, as General Data Protection Regulations were important.
- Councillors queried how the 5% was selected to be sent to record storage.
The Information and Records Manager advised that items of archival value would be chosen and stored at the Heritage Centre.
- Councillors requested that they retained access to their Somerset West and Taunton Council email folders into the New Unitary Council, as they might need to link back to casework submitted prior to April 2023.

Resolved that the Executive sign off all three Information Management Policies (Information and Records Management Policy, Digital Information Policy and Digital Information and Records Management Policy for Councillors) and champion their adherence, to ensure we were compliant as a local authority under the rules of Records Management and GDPR (General Data Protection Regulations), in relation to how we held, handled, and stored our Corporate Data.

122. **Corporate Performance Report, Outturn and Quarter 4 2021/22**

During the discussion, the following points were raised:-

- Councillors agreed that the report demonstrated good overall performance, however, there were some areas that required improvement.
- Councillors were aware of the outside challenges that faced the Council.
- Councillors thanked the officers for all their hard work in providing services for the local area.

Resolved that Executive noted the Council's performance report for 2021/22.

123. **Housing Revenue Account Financial Monitoring - Outturn Position 2021/22**

During the discussion, the following points were raised:-

- Councillors thanked officers for the inclusion of the comments made by the Community Scrutiny Committee.
- Councillors agreed that it had been a challenging year for the HRA for many reasons.

Resolved that the Executive:-

- 2.1 Noted the reported Housing Revenue Account Budget underspend of £170k in 2021/22 and the HRA General Reserves Balance of £3.413m as at 31 March 2022.
- 2.2 Noted the Capital Outturn position.
- 2.3 Approved the proposed reductions to the Capital Programme Budget of £11.847m for underspends on schemes where budget was no longer required, and the continuation of £95.022m approved budget rolled forward for the 2022/23 Housing Revenue Account Capital Programme (as per Appendix A).

124. **Access to Information - Exclusion of the Press and Public - Appendices Only**

Resolved that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next items of business (Agenda Item 11 – Appendix E and F only, Agenda Item 12 – Appendix C only, Agenda Item 13 – Appendix 3, 4 and 5 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).

125. **General Fund Financial Monitoring - Outturn Position 2021/22**

During the discussion, the following point was raised:-

- Councillors agreed that there were some ambitious targets set for the year.

Resolved that the Executive:-

- a) Noted the reported General Fund Revenue Budget underspend of £2.349m in 2021/22 and the General Reserves Balance of £7.592m as at 31 March 2022.
- b) Noted the S151 has approved General Fund Revenue Budget carry forwards totalling £735,400 as detailed in Appendix A.
- c) Approved an additional General Fund Revenue Budget carry forward of £1,339,320 for items greater than £150,000 as detailed in Section 7.
- d) Approved the transfer of £455,764, with respect to S106 monies, to the Capital Funding earmarked reserve to be available to finance capital projects in 2022/23.
- e) Noted the Capital Outturn position.
- f) Approved the proposed reductions to the Capital Programme Budget of £35.312m for underspends on schemes where budget was no longer required, and the continuation of £60.977m approved budget rolled forward for the 2022/23 General Fund Capital Programme. Please see Appendix C and confidential Appendix F.
- g) Recommend Full Council approved a reduction of £35m to the Approved Borrowing Limit in the Capital, Investment and Treasury Management Strategies reflecting reduction in capital financing requirement for expenditure no longer required.

126. **Oake Woolaway Housing Refurbishments**

During the discussion, the following points were raised:-

- Councillors were very happy to support the recommendations.
- Councillors were pleased to see the improvement works being carried out on the properties.
- Councillors queried why zero carbon options could not be used as part of the improvements in the short term.
The Assistant Director for Development and Regeneration advised that cost was a factor and that they were spreading funds across the district to improve as many homes as possible.
- Councillors queried whether any of the properties were occupied.
The Assistant Director for Development and Regeneration advised that seven out of the ten properties were occupied. There was a programme set to help keep residents in the area through the decant process. The plan was to improve the three empty properties first as they had been vacant for some time.
- Councillors agreed it was a very positive project.

Resolved that the Executive recommended to Full Council the following:-

1. Full Council approved the refurbishment and associated works for ten Woolaway homes at Oake which are currently classified as defective non-traditional dwellings.
2. Full Council approved a Supplementary Budget as noted in Confidential Appendix C within the Housing Revenue Account Capital Programme, which was planned to be funded primarily through capital borrowing plus available capital grants.
3. Full Council delegated authority to the S151 Officer in consultation with the Director for Housing and Communities to determine the final optimum financing arrangements for expenditure incurred.

127. **Proposed General Consent and Specific Consents process in response to Direction issued under Section 24 of the Local Government and Public Involvement in Health Act 2007**

During the discussion, the following point was raised:-

- Councillors agreed it was a reasonable set of recommendations to ensure continuity going into the New Unitary Council.

Resolved that the Executive noted the following recommendations that were considered and approved by Somerset County Council Executive on 15 June 2022:

1. The General Consents that Somerset County Council (SCC) intended to grant to the District Councils under the Direction made under Section 24 of the Local Government and Public Involvement in Health Act 2007 as set out in Appendix 2;
2. That delegated authority to grant specific consents under the Section 24 Direction would be given to:

- i. the SCC Lead Member for Resources in conjunction with the SCC Section 151 Officer for all specific consents between £500,000 and £5,000,000; and
 - ii. the SCC Section 151 Officer in consultation with the SCC Monitoring Officer and the Section 151 Officers of the District Councils for all specific consents up to £499,999.
3. The intention that SCC Executive approved in principle the specific consent for the proposals set out in Appendix 6 relating to a Levelling Up bid.
4. The intention to delegate authority to the SCC Section 151 Officer to agree minor changes to the General Consents in consultation with the SCC Lead Member for Resources
5. That any specific consents over £5,000,000 would need to be considered by either the Leader of SCC or the SCC Executive.

(The Meeting ended at 7.15 pm)

EXECUTIVE

Executive Meeting	Draft Agenda Items	Lead Officer
21 September 2022	GF Financial Performance 2022/23 Q1	Kerry Prisco
venue =	HRA Financial Performance 2022/23 Q1	Kerry Prisco
Exec RD = 9 September	Corporate Performance Report Q1	Malcolm Riches
Informal Exec RD = 9 August	Proposal to increase Taxi Fares	John Rendell
SMT RD = 27 July		
19 October 2022	New Regulatory Services Enforcement Policy 2022-2023	Jo Toogood
venue =		
Exec RD = 7 October		
Informal Exec RD = 6 September		
SMT RD = 24 August		
16 November 2022	Firepool Design Guidance and Masterplan	Graeme Thompson
venue =	Low Carbon Retrofit Strategy and Action Plan	Chris Brown
Exec RD = 4 November	Governance for Taunton Garden Town	Jenny Clifford
Informal Exec RD = 4 October		
SMT RD = 21 September		
21 December 2022	GF Financial Performance 2022/23 Q2	Kerry Prisco
venue =	HRA Financial Performance 2022/23 Q2	Kerry Prisco
Exec RD = 9 December	Corporate Performance Report Q2	Malcolm Riches
Informal Exec RD = 8 November	Connecting our Garden Communities	Graeme Thompson
SMT RD = 26 October		
18 January 2023		
venue =		
Exec RD = 6 January		
Informal Exec RD = 6 December		
SMT RD = 23 November		
15 February 2023		
venue =		
Exec RD = 3 February		
Informal Exec RD = 3 January		
SMT RD = 14 December		

15 March 2023	GF Financial Performance 2022/23 Q3	Kerry Prisco
venue =	HRA Financial Performance 2022/23 Q3	Kerry Prisco
Exec RD = 3 March	Corporate Performance Report Q3	Malcolm Riches
Informal Exec RD = 1 February	Firepool Design Guidance and Masterplan	Graeme Thompson
SMT RD = 18 January		

Somerset West and Taunton Council

Executive – 21 September 2022

Proposal to increase the maximum hackney carriage fares

This matter is the responsibility of Executive Councillor Andrew Sully

Report Author: John Rendell, Licensing Manager

1 Purpose of the Report

- 1.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 gives the Council the power to fix the fares that hackney carriage vehicles (more commonly referred to as taxis) may charge for distance and time within the district.
- 1.2 The Council has set the maximum fares taxis can charge. Responding to requests from some of the licensed taxi trade, the Licensing service has published a proposed increase to the maximum fares. Objections against the increase have been received from members of the public, including members of the taxi trade and therefore, the Executive must now consider whether to adopt the table of fares proposed, with or without modifications.

2 Recommendations

- 2.1 That the Executive is asked to resolve which of the following options it wishes to adopt:
 - a) To resolve to vary the current table of maximum fares as per the published proposal, and such changes to come into effect on the 22nd of September 2022.
 - b) To vary the current table of maximum taxi fares as is deemed appropriate, having considered objections made against the published proposal, to come into effect on the 22nd of September 2022.
 - c) Not to vary the current table of maximum fares.

3 Risk Assessment

- 3.1 The contents of this report do not relate to any of the risks identified in the Corporate Risk Register.

4 Background and Full details of the Report

- 4.1 The cost of using a 'taxi' generally depends on when and the length of the journey. The total cost of using a taxi is referred to as a 'fare' and is calculated on an electronic meter installed in the vehicle where it can be easily seen by passengers.
- 4.2 A taxi driver can charge anything up to, but not more than, the maximum fares set by a council. Taxi drivers licensed by Somerset West and Taunton (SWT) must, as a condition of their licence, use their taxi meter for every journey. This helps demonstrate that the driver is not charging more than the maximum fares, which is especially important when a customer has asked for and agreed the cost of a fare upfront.
- 4.3 The current table of maximum fares, shown at **Appendix 1** was adopted in February 2022, replacing maximum fares previously adopted by Taunton Deane Borough Council and West Somerset Council in 2010 and 2011 respectively. The maximum fares were varied in February following a request from a local taxi proprietor. The Executive resolved to vary the maximum fares to increase driver's earnings, albeit slightly less than had been requested by the proprietor.
- 4.4 As of the 5th of August 2022, SWT was ranked 106th out of 355 local authorities in the ['league table' of UK hackney carriage fares](#), published by trade magazine Private Hire and Taxi Monthly. The league table ranking is based on the cost of a two-mile journey and is updated monthly. SWT is one of 22 Councils for which the cost of a two mile journey is £6.80. Here is how the Somerset District Councils currently compare according to the magazine league table, ranked from most expensive to cheapest:

	Authority	Price of a 2-mile journey	Last increase	League table position
1.	South Somerset	£7.60	July 2022	34
2.	Mendip	£7.10	Apr 2022	65
3.	Sedgemoor	£6.80	Nov 2019	105
4.	SWT	£6.80	Feb 2022	106

- 4.5 Requests that SWT consider varying the maximum fares, on account of recent rises in fuel costs, were received from two local taxi business proprietors on the 15th and 16th of June. One of the proprietors suggested specifically that:
- a) The initial distance, for which there is a £2.40 charge, be reduced from 425 yards to 390 yards.
 - b) The subsequent distance (or part thereof), for which there is a charge of 20p, be reduced from 145 yards to 135 yards.
- 4.6 [The RAC charts fuel prices](#) over the last 10 years. The price has fluctuated but as of the 7th of July 2022, fuel had been at a record high, with unleaded 191.43 pence per litre, including VAT, and diesel 199.07 pence. As of the 5th of August, unleaded is 178.93 pence and diesel 189.30.
- 4.7 The price of petrol is 19.84% higher since the beginning of February this year, with diesel up by 23.17%.

- 4.8 Judging by [charts published by the RAC Foundation](#) which use data from the Office for National Statistics (ONS), the cost of living has increased by 6.99% between February and May this year. General motoring costs have risen by 11.17% in that same period.
- 4.9 On the 23rd of June, the Licensing Manager asked all hackney carriage and private hire licence holders via email whether the Council should formally propose the suggested variation to the existing maximum fares described at paragraph 4.6, in the interests of the matter being determined formally at the earliest opportunity. Response were received from 15 licence holders. Six of those who responded supported an increase, however some of the seven not in support, some raised concerns about it being too soon since the last increase. Of the six in support of an increase, the majority were happy with the specific increases suggested.
- 4.10 Despite some licence holders expressing concerns about a variation which would see taxi journey costs increase, the Licensing Manager decided to formally propose a variation, in acknowledgement of two factors:
- a) Proposing a variation to maximum fares involves a public consultation and is democratically decided if there are objections.
 - b) Taxi drivers and proprietors are not obliged to charge the maximum fares set by the Council and could decide to continue charging at the current rate (or less) if they so wish.
- 4.11 Attached at **Appendix 2** is a table with examples of journeys that might be undertaken and what they would cost under the current maximum fares and if the proposed increase were adopted. Please note that these fares do not include any waiting time.
- 4.12 If the proposed maximum fare increase were adopted, SWT would rise from 83 to between 35 and 43 of the national league table, based on current standings.
- 4.13 To fulfil the Council's obligations under Section 65 of the Local Government (Miscellaneous Provisions) Act 1976, a public consultation was carried out between the 21st of July and 3rd of August, for the minimum 14 days required. Notice of the consultation was dutifully published in the Somerset County Gazette and the West Somerset Free press, as well as displayed at Deane House and West Somerset House. Beyond that, details of the consultation were also published on the Council's website, along with the facility to submit objections electronically.
- 4.14 Ten objections were received during the consultation; see **Appendix 3**.
- 4.15 Some licensed drivers have raised concerns about increasing charges at a time when the general public is having to cope with a rise in the cost of living. It must be remembered that the fares that the Council has fixed are the maximum rate that can be charged. Drivers have complete autonomy over whether they charge at the maximum rate or less. If the Executive resolved to vary the maximum fares to increase drivers' earning ability, those who wish to remain competitive and charge at February's maximum fare rate (or lower) can continue to do so. They would also not need to have their taxi meters changed to calculate fares on the new maximum rate; they could be left as they are.

- 4.16 Should taxi driving become unviable, proprietors are likely to look to enter the private hire vehicle market to meet public demand. Such vehicles are not required to use a meter and the fares charged are not subject to the maximum rate set by the Council (for taxis). By setting the maximum taxi fares at an appropriate rate the Council would be taking steps to support the taxi trade, whilst ensuring regulation on what customers pay remains.
- 4.17 Whilst the Council (and predecessor Councils) may not have varied the hackney carriage fares much in recent years, the legislation does not restrict a local authority on how often it can vary them. Nor does a variation have to result in taxi journey costs going up. The maximum fares can be kept under close review although it should be recognised that the next variation exercise may be carried out by the new Somerset Council after the 1st of April 2023.

5 Links to Corporate Strategy

- 5.1 One of the objectives in the Council's Corporate Strategy is to 'Support the delivery of strong sustainable transport infrastructure links including greater provision of public transport across the district, as well as solutions which remove barriers to people using public transport to access work, training and leisure opportunities.'
- 5.2 The Council has a certain balance to strike if it fixes the fares that hackney carriages charge. If those fares are set too high, then it is no longer affordable for many of the people who rely on them in some way or another. If those fares are set too low, drivers and operators will struggle which, in turn, would eventually negatively impact on the availability of taxis in the local area.

6 Finance / Resource Implications

- 6.1 There are no ongoing finance or resource implications.
- 6.2 The cost to publish public notices in the two local newspapers was £979.20.
- 6.3 The Council is able to charge fees for the granting of licences to taxi and private hire vehicles and drivers, and private hire operators, to cover certain costs, including reasonable administrative costs. The cost of public notices will be recovered as part of the Council's ongoing review and setting of fees and charges specific to the hackney carriage and private hire licensing regime.

7 Legal Implications

- 7.1 In accordance with the Local Government (Miscellaneous Provisions) Act 1976, a council must consider any objections made against a proposed fixing or variation of taxi fares and, within two months from the end of the consultation period, being the 3rd of August 2022, determine and bring into effect its new table of fares, with or without modifications.

8 Climate and Sustainability Implications

- 8.1 There are no climate and sustainability implications.

9 Safeguarding and/or Community Safety Implications

- 9.1 Taxis play a vital role in the night-time economy by helping people to get home safely. A reduction in the availability of taxis in the local area would be particularly harmful to the safety of the public during the hours that the night time economy is active.

10 Equality and Diversity Implications

- 10.1 There are a number of protected characteristics identified in the Equality Act 2010, which are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation and members need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty as part of the decision-making process. The three aims the authority must have due regard for are:

- The eliminate of discrimination, harassment, victimisation.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share them.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share them.

- 10.2 An equality impact assessment has been carried out; attached as **Appendix 4**.

- 10.3 The assessment identified that the proposal to increase taxi fares could have a negative impact on protected characteristic groups identified the Equality Act and a mixture of negative and neutral impacts on protected characteristics which have been adopted locally. Failure to adopt the proposed table of fares (or modify it) may ultimately lead to a reduction in the availability of taxis which, in turn, would have a negative impact on protected groups.

11 Social Value Implications

- 11.1 As this report does not relate to the procurement of any services or products, no social value implications were identified.

12 Partnership Implications

- 12.1 No partnership implications were identified.

13 Health and Wellbeing Implications

- 13.1 Through effective regulation, confidence in licensed premises and activities can be maintained, helping communities to thrive.

14 Asset Management Implications

- 14.1 No asset management implications were identified.

15 Data Protection Implications

- 15.1 No data protection implications were identified.

16 Consultation Implications

16.1 A public consultation was carried out and advertised in accordance with legislative requirements. Furthermore, advanced notice was given to all relevant licence holders.

17 Scrutiny Comments / Recommendation(s)

17.1 As this is a report for the Executive, there are no scrutiny comments or recommendations.

Democratic Path:

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

Reporting Frequency: **Once only** **Ad-hoc** **Quarterly**
 Twice-yearly **Annually**

List of Appendices

Appendix 1	Current table of maximum hackney carriage fares with proposed increases
Appendix 2	Comparison of taxi journey costs when maximum fares are charged
Appendix 3	Objections
Appendix 4	Equality impact assessment

Contact Officers

Name	John Rendell
Direct Dial	01823 219491
Email	j.rendell@somersetwestandtaunton.gov.uk

Appendix 1

Current table of maximum hackney carriage fares with proposed increases

Basic fares	
First 425 yards <i>Proposed this be reduced to 390 yards</i>	£2.40
For each completed 145 yards or part thereof <i>Proposed this be reduced to 135 yards</i>	£0.20
Waiting time: each completed 35 seconds	£0.20
Extra charges	
Soiling charge (caused by vomiting, urinating, defecating or excessive spilled food or drink)	£100.00
For hirings commencing between 22:00 hours and 07:00 hours	+50% (time and a half)
For Saturday and Sunday	+50%
For all Public and Bank Holidays	+100% (double time)
Christmas Eve and New Years Eve from 18:00 hours	+50%
In excess of 4 passengers at any point during the hire	+50%
In excess of 4 passengers between 22:00 hours and 07:00 hours	+100%
In excess of 4 passengers on a Saturday, Sunday, Bank holiday or Public holiday	+100%

Appendix 2

Comparison of taxi journey costs

Journey	Current cost	Cost if varied	Percentage difference
A two-mile journey on a Monday afternoon	£6.80	£7.20	+5.9%
A two-mile journey in the early hours of Sunday morning	£10.20	£10.80	+5.9%
A two-mile journey on a Bank Holiday	£13.60	£14.40	+5.9%
A five-mile journey on a Monday afternoon	£14.00	£15.00	+7.1%
A five-mile journey in the early hours of Sunday morning	£21.00	£22.50	+7.1%
A five-mile journey on a Bank Holiday	£28.00	£30.00	+7.1%
A seven-mile journey on a Monday afternoon	£19.00	£20.20	+6.3%
A seven -mile journey in the early hours of Sunday morning	£28.50	£30.30	+6.3%
A seven -mile journey on a Bank Holiday	£38.00	£40.40	+6.3%
A ten-mile journey on a Monday afternoon	£26.20	£28.00	+6.9%
A ten-mile journey in the early hours of Sunday morning	£39.30	£42.00	+6.9%
A ten-mile journey on a Bank Holiday	£52.40	£56.00	+6.9%

Appendix 3

Objections

	Please explain, in as much detail as possible, why you object to the proposed increase in hackney carriage fares: - Objection explanation text area
1.	Prices already rose this year. Fuel costs already show signs of dropping at the pumps, so looks like a temporary high - any proposed increase does not seem to be linked to pump prices so will become permanent regardless of actual fuel cost. Poor bus service in district causes many taxi journeys. If people were not forced to use taxis to replace awful bus service, then my view would be different. Sort the bus services in Taunton.
2.	<p>The recent price increase that happened in February has already made me less likely to use a taxi. I agree that the previous price rise was long over but another rise now is to soon.</p> <p>With the cost of living crisis continuing people who rely on Taxi will be very hard hit by a second price rise.</p> <p>Furthermore, the current high fuel prices will hopefully start to come down in the coming months.</p> <p>If this increase was for a limited period, say 6-12 months I would be much more likely to support it.</p>
3.	Taunton costs more than any other town. Fairs went up not long ago. It is unfair to consumers.
4.	The cost of living is already so high. I wouldn't be able to afford a hospital or drs trip is costs go up. Taunton taxis are already cheaper then other areas around the UK.
5.	<p>I don't - I totally support the increase.</p> <p>I live in the real world, inflation is currently at 9.4% per year. No one can operate a business without covering cost..</p> <p>Therefore the proposed increase which are below the current inflation rate are totally acceptable.</p>
6.	I do not object

7.	It is not an objection, just I think less and less people will use them and it will be a vicious cycle. I would also like to better understand how these rates compare to other place in the South West. Our charges seem extremely high in comparison with other areas I go to. Also I don't feel the prices you show are a true reflection of what people will pay. I remember 6 years ago getting a taxi back from Taunton station to my house in the Dowslands area of Taunton at 11pm. It was just over 2 miles and I was charged £15. This indicates it would be a little over £10.80. I would suggest that what ever this shows, it will be significantly more and I just don't think it is fair on people without a car.
8.	I am a pensioner who has had to give up the car because of sight issues. I use several taxis every week and struggled after the increase earlier this year. If there is another increase I will be unable to go out to attend various clubs or meet friends. I live alone and will be stuck at home as my sight stops me using public transport. This situation would seriously affect my mental health, and I am very worried. I also need taxis for medical and dental appointments which cannot be missed.
9.	The price of diesel has already dropped by up to 15 a litre in the last month I think the price increase should be held for a couple of months and see what the markets do
10.	Hello John, bit late for me to voice my opinion but I'm hoping the taxi rates are not increased again so soon. Fuel prices are showing signs of easing and i feel another price increase will potentially damage the numbers of people able to afford using a taxi. I for one would not want to get my meter changed again and charge the higher prices as i would feel I'm just adding to the financial strains our customers are experiencing.

Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer

Organisation prepared for	Somerset West and Taunton		
Version	1.0	Date Completed	06/07/2022
Description of what is being impact assessed			
<p>Proposal to increase the maximum fares chargeable by taxi vehicle drivers.</p> <p>This proposal doesn't target any particular group of customers. The proposed table of fares would apply to all those using a taxi, irrespective of their Protected Characteristic.</p> <p>The fares will not apply to Private Hire Vehicles.</p>			
Evidence			
<p>What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the Office of National Statistics, Somerset Intelligence Partnership, Somerset's Joint Strategic Needs Analysis (JSNA), Staff and/ or area profiles, should be detailed here</p>			
<p>There are no available statistics on the proportion of the population as a whole, or a proportion of those who fall within any of the protected characteristic groups, that use taxis.</p> <p>According to Somerset Intelligence, 17.5% of households in the former Taunton Deane district are without a car or van. For West Somerset, it is 17.6%.</p>			

This assessment has been carried out acknowledging, anecdotally, that taxis are an essential form of public transport used significantly by the following:

- Households without a vehicle (often lower income households);
- Individuals with certain disabilities which renders them unable to drive;
- Households in areas with limited bus connections.
- Older people.
- Younger people, in relation to their access of the night-time economy.

Given the proposal would result in an across the board rise in the cost of using taxis, it could be argued that it impacts negatively on all groups.

However, those identified above will be partly or even wholly, in some cases, reliant on taxis for transport. Therefore we believe that the cumulative negative financial impact on these groups would be potentially greater than others, due to the frequency on which they use the service, and this is reflected in some of the objections received from the public.

Who have you consulted with to assess possible impact on protected groups? If you have not consulted other people, please explain why?

In accordance with section 65 of the Local Government (Miscellaneous Provisions) Act 1976, notice of the proposal was published in two local newspapers and at the council offices and 14 days given for the public to make objections. The proposal was also advertised on the council website.

There were **X** objections to the proposal.

As the table of fares the council sets is a maximum rate that can be charged, this still leaves room for customers to negotiate lower fares and competition in the marketplace.

Analysis of impact on protected groups

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	<p>A significant proportion of older people use taxis regularly and therefore, the cost increase would have a greater aggregated negative financial impact on that group than on those members of the community who use taxis infrequently or not at all.</p> <p>Similarly, Taxis have a particularly important role in the night-time economy where younger people represent a significant proportion of users. Consequently, younger people may also experience a more significant negative impact as a consequence of the aggregation of higher costs.</p>	X	☐	☐
Disability	<p>Those with disabilities which mean they are unable to drive, are more likely to use taxis regularly and therefore, the cost increase would have a more noticeable impact than those members of the community who use taxis infrequently or not at all.</p>	X	☐	☐
Gender reassignment	<p>It is believed the outcome will not have a significant impact on this group as a whole (although at an individual level the greater the use of taxis the greater the financial impact will be as a result of increased fares).</p>	☐	X	☐
Marriage and civil partnership	<p>It is believed the outcome will not have a significant impact on this group as a whole (although at an individual level the greater the use of taxis the greater the financial impact will be as a result of increased fares).</p>	☐	X	☐

Pregnancy and maternity	It is believed the outcome will not have a significant impact on this group as a whole (although at an individual level the greater the use of taxis the greater the financial impact will be as a result of increased fares).	<input type="checkbox"/>	X	<input type="checkbox"/>
Race and ethnicity	It is believed the outcome will not have a significant impact on this group as a whole (although at an individual level the greater the use of taxis the greater the financial impact will be as a result of increased fares).	<input type="checkbox"/>	X	<input type="checkbox"/>
Religion or belief	It is believed the outcome will not have a significant impact on this group as a whole (although at an individual level the greater the use of taxis the greater the financial impact will be as a result of increased fares).	<input type="checkbox"/>	X	<input type="checkbox"/>
Sex	It is believed the outcome will not have a significant impact on this group as a whole (although at an individual level the greater the use of taxis the greater the financial impact will be as a result of increased fares).	<input type="checkbox"/>	X	<input type="checkbox"/>
Sexual orientation	It is believed the outcome will not have a significant impact on this group as a whole (although at an individual level the greater the use of taxis the greater the financial impact will be as a result of increased fares).	<input type="checkbox"/>	X	<input type="checkbox"/>
Other, e.g. carers, veterans, homeless, low income, rurality/isolation, etc.	Households on lower income, particularly those with no access to a vehicle, and households living in rural areas with limited access to buses, are more likely to use taxis regularly and therefore, a cost increase would have a more noticeable impact than those members of the community who use taxis infrequently or not at all. That being said, the proposed increase would have a positive impact on those taxi drivers who can be considered to be part of a low income household.	<input type="checkbox"/>	X	<input type="checkbox"/>

Negative outcomes action plan

Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.

Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
N/A				

If negative impacts remain, please provide an explanation below.

It is unfortunate but unavoidable that a taxi fare increase will have more of an impact on certain protected groups, by virtue of their being more likely to use taxis more frequently than other groups. How much of an impact will depend on how regularly an individual uses taxis and, generally speaking, how far they travel as well as their financial circumstances.

Whilst the council could, in theory, create a table of fares that ensures certain protected groups pay lower rates, it is difficult to conceive how it might work in practice, in particular how individuals would evidence that they are eligible for the lower rate. For example, not all disabilities are plainly visible and there is no recognised scheme which provides individuals with a formal document or ID to evidence their circumstances for these kinds of situations.

The maximum taxi fares were increased in February this year; the first time in for over 10 years. Whilst the size of the increase to fares in February was not quite what some elements of the local taxi trade had hoped for, it was largely welcomed given increases to motoring costs and the cost of living during the period since the last maximum fare increase.

Whilst the maximum fares were increased as recent as February, in that time motoring costs and the cost of living have risen significantly. According to the RAC, the price of petrol has risen by 26.5% since February this year, with diesel up by 28.1%. Judging by [charts published by the RAC Foundation](#), using data from the Office for National Statistics (ONS), the cost of living has increased by 6.99% between February and May this year. General motoring costs have risen by 11.17% in that same period.

Low-income households, pensioners and disabled households will receive help this year as part of the Government's Cost of Living Support package, which is intended to provide support with the rise in the cost of living. This would go some way to helping mitigate rising taxi fares for those in receipt of the package that use that method of transport.

Against this backdrop the proposed increase does not, therefore, seem unreasonable.

Members of the local taxi trade have raised concerns that if maximum taxi fares did not increase (despite the significant inflationary pressures identified earlier), operating a taxi could cease to be viable for many (particularly also given the current pull of improved salaries in other driving professions). There is a genuine risk of this. In turn, that would result in less taxi available for the customer, which would ultimately be a greater negative impact on those reliant upon this service.

Completed by:	John Rendell
Date	07/07/2022
Signed off by:	Paul Harding 07/07/2022

Date	02/12/2021
Equality Lead/Manager sign off date:	02/12/2021
To be reviewed by: (officer name)	
Review date:	

Somerset West and Taunton Council

Executive – 21 September 2022

Corporate Performance Report - Quarter 1 2022/23

This matter is the responsibility of Executive Councillor Member Benet Allen.

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 3 months of the 2022/23 financial year. The report includes information for a range of key performance indicators and includes the key business risks for the council.

Given the breadth of information contained in the report, it is unlikely that all questions can be answered at the meeting. It would be helpful if any detailed questions could be submitted in advance.

2. Recommendations

Members are asked to note the Council's performance report.

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 and economic climate continue to have an impact and the Council's response to these issues is being achieved in addition to the regular day-to-day responsibilities. In addition, services are increasingly having to focus on the transition to the new unitary council from 1 April 2023.

Specifically, the report provides:

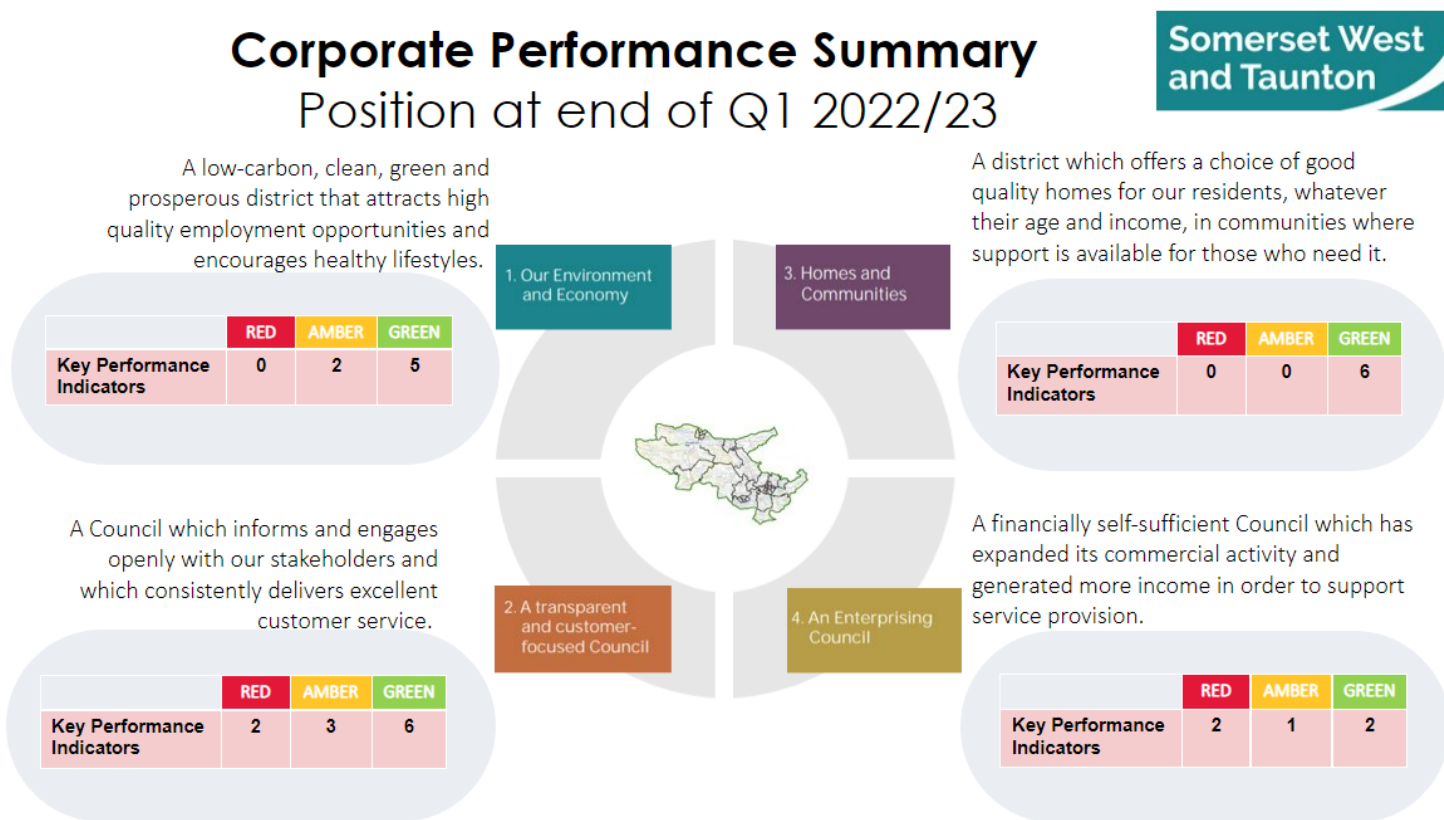
- The position in respect of our key performance indicators at the end of the quarter 1 (30th June).
- A summary of the Council's key business risks and issues together with the current status of the actions being taken to respond to them.

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 strategic priorities, and progress for the implementation of the Annual Plan will be reported for the mid-year position at the end of September.

Progress against a range of Key Performance Indicators (KPI’s) is reported quarterly. These KPI’s are used to monitor progress in delivering key services and to enable us to quickly identify and rectify any problem areas. These indicators are also linked to the corporate priorities to indicate how they support the delivery of the Corporate Strategy.

The graphic below provides an overview of performance for the first 3 months of the 2022/23 financial year for the Key Performance Indicators. Further details are provided in Appendix 1. Of the Key Performance indicators, 19 are Green, 6 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 during the first 3 months of the 2022/23 financial year. Where appropriate, the table includes a “direction of travel” arrow to show whether performance has improved, worsened, or stayed the same, since the end of March.

For the majority of indicators, the target has either been met or, in many cases, has been exceeded. 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 3 months of the year is 76%, which is below the target of 90%.

The breakdown of the complaints response times across the Directorates is detailed below:

Directorate	Number of complaints in the quarter	Number of complaints answered in 10 working days	Percentage of complaints answered in 10 working days
Internal Operations	81	73	90
External Operations	61	48	79
Development and Place	11	10	91
Housing and Communities	72	40	55

The reasons for this are varied and are summarised below:

- *Increased numbers of complaints* - the number of complaints received continue to be significantly higher than in the previous financial years. Higher volumes of complaints present challenges in some areas in being able to respond within the target time.
- *Complexity* - we are continuing to receive a greater number of more complex complaints. These take longer to investigate and respond to and often cannot be responded to within target. Where this is the case officers are under instruction to contact the complainant and agree a new realistic deadline for response.
- *Capacity* - the increased volumes and complexity are highlighting capacity problems in some areas around having enough sufficiently skilled officers to respond to complaints. The demands of LGR transition are also having an impact here. In addition, this is particularly of note in areas where vacancies have been difficult to fill, and sickness and holiday periods have led to further capacity reductions.
- *Customer expectations* - customer expectations are increasing resulting in a growth in the number of complaints being registered. This is a sector wide trend across local government. For example, the Housing Ombudsman reported a 230% increase in the number of complaints reported for the period April to June 2021 from the same period in the previous year.

We have and are actively taking steps to improve our performance on response times. These steps include:

- We have trained additional staff within the Customer Services team in the processes for initially triaging complaints and distributing them to the relevant services. This is helping to speed up the process for getting the complaints to the relevant officers.

- Refining and re-writing elements of the IT software (Firmstep) that manages the complaints process to make the routing of complaints easier. These changes have been implemented in the live system and are working as expected.
- Training is ongoing across the organisation to build both capacity and improve the quality of responses to complaints.
- Response times in Housing have been directly affected by extended vacancies in key posts (Case Manager Complaints, Maintenance Manager and Capital Programme Manager), staff sickness as well as leave all of which reduces available capacity to investigate and respond. The response percentage has increased since April to 68% for June 2022. Over 70 staff within the Housing Directorate have received specific complaints training from the Housing Quality Network which has focussed on improving the quality of responses. In addition, all Housing staff have completed refresher customer care training to ensure customers are treated with fairness and respect. The Housing Ombudsman Code self-assessment has been completed (as reported to the Tenants' Strategic Group July 2022) and work towards 100% compliance with the code by October 2022 is underway.
- Learning from complaints and complaint trends are driving new work. In Housing, for example, a working group is looking at damp and mould issues, and deep dive activity is being undertaken with other authorities to compare performance and share good practice.
- Our complaints lead continues to work closely with services to resolve issues and to ensure we can issue responses as quickly as possible. Localised reporting in some directorates has also started in detail, for example weekly follow up on cases within Housing.

We are actively monitoring the workload in this area together with response times and implementing improvements. However, we are conscious that demand will continue to grow particularly in view of the anticipated impact of the fuel price increase, inflation and the worsening economic climate all of which will continue to make this a challenging target.

Average call wait times:

The indicator measures the length of time it takes one of our Customer Services Team to answer a call once the customer has listened to the initial recorded options and selected an appropriate queue.

Our target is to answer all calls within 60 seconds. This is an ambitious target when compared with many other organisations where it is not uncommon to be waiting longer than 5 minutes. There is a clear relationship between the number and length of calls and the levels of staff resourcing required to maintain an answer rate of 60 seconds or below.

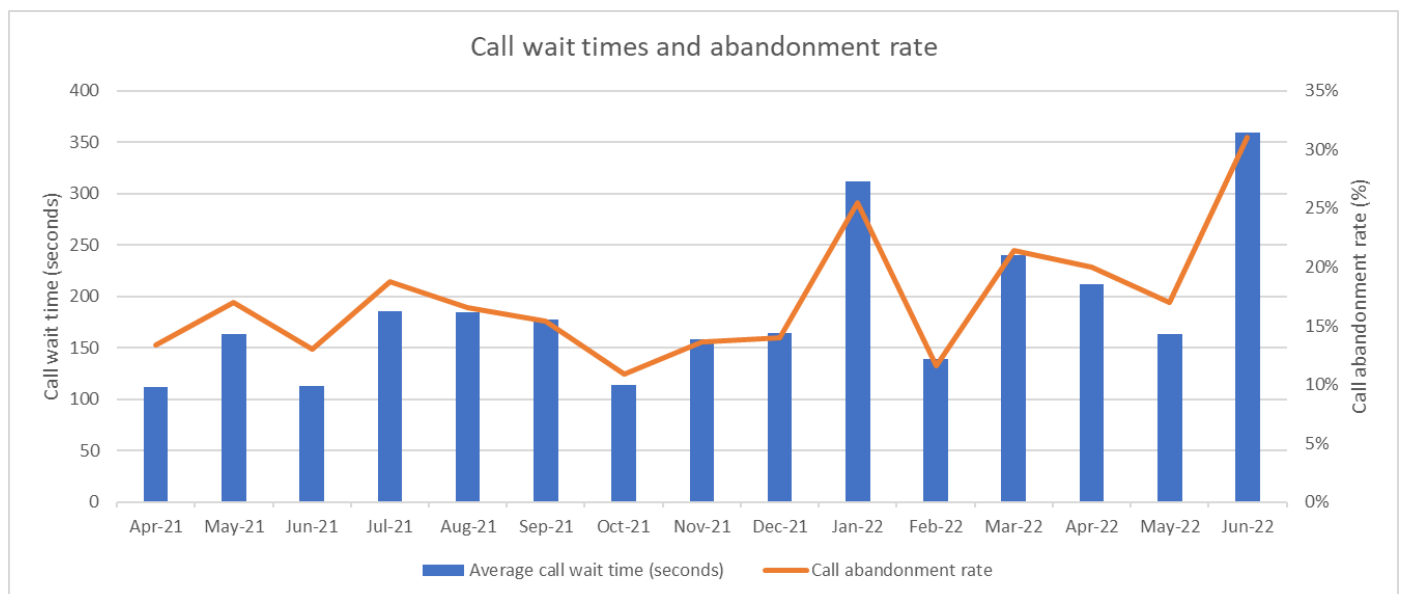
This target has proved extremely challenging over the past year, which has seen increases both in the number of calls we are receiving and the duration of calls. This trend has continued into the current year. During the first quarter of this financial year

we received 60,000 calls, which represented a 5% increase on the same period for the previous year. In addition, the average duration of the calls received during quarter 1 this year has increased by 18%.

The increase in calls is driven:

- In part by business as usual activity (Council Tax bill issue in March 2022 and garden waste renewals), which are tending to generate more calls post-Covid; and
- By the Council Tax Fuel Rebate scheme announced by Government earlier in the year. This affected circa 60,000 properties. The delay between the Government communicating their intention in March 2022 and our actually being able to commence payments coupled with the requirement for a substantial number of people being required to apply for a rebate has inevitably driven up call volumes.

The chart below shows the call wait times and the abandonment rate for the previous year and the first quarter of 2022/23. There is a clear correlation, and it is recognised that when call wait times are longer, the number of people who abandoned their call increases. The spike in January resulted from a post-Christmas increase in calls, which is not uncommon, combined with staff resourcing issues at that time. The spike in June resulted from a combination of increased calls regarding Council Tax Fuel Rebates and garden waste renewals.



Locally we have continued to face resourcing challenges. Turnover within our customer service teams is higher than the average. This is a nationally recognised issue and not unsurprising given the nature of the work and the fact that, in our case, this is very much an entry point into the organisation. However, we are now also experiencing significant difficulties in being able to recruit, which again is a national problem.

In addition, a number of the senior staff within Customer Services are also having to spend increasing amounts of time focussing on the transition of the various elements of the service into the new unitary council. Customer services is one of the critical functions that needs to transition smoothly so this work is vital, but obviously will potentially distract from their ability to focus on immediate operational issues.

Actions have and continue to be taken to improve our call answering capacity and speed. These are summarised below:

- Additional agency staff were recruited to assist with the initial phase of the Council Tax Fuel Rebate enquiries;
- We utilised the services of a specialist external call handling services (Agilisys) to help with the application process;
- Two additional temporary posts are being added to the structure for the remainder of the financial year. The purpose of these posts is to provide additional resilience to help us work through the frequent occurrences of staff turnover; and
- We are currently looking at the backfill requirements to enable the senior staff to fully engage with the unitary transition programme.

The figures for July, whilst still high, are showing a small reduction in the volume of calls when compared to the previous three months. This is probably reflective of the fact that we have completed the Fuel Rebates process. Early indications for August are suggesting this reduction in calls is ongoing, although August is normally a relatively quiet month.

Average processing times of new Housing Benefit claims:

Performance for processing new Housing Benefit claims for the period April to June has averaged 21.82 days, which is worse than the target of 19 days. This results from an increase in workload elsewhere in the Benefits service to which we had to divert resourcing (specifically an increase in Universal Credit work items following annual uplifting) and increased workload resulting from LGR transition activities. In May we recruited a temporary Senior Case Manager whose focus will be on managing and maintaining business as usual service delivery. This enables other senior staff within the team to focus on the LGR transition activities.

The immediate focus for the new manager has been on ensuring the team prioritise those new claims and changes of circumstance where the customer has provided all the evidence and information we need to make a decision. This has resulted in a significant reduction in average processing times for June (20.03 days). The figures for July indicate that we are now processing within target.

Sickness Absence (average days sickness per employee)

Although current performance is rated as Amber, the target of 7.2 days sickness per employee for the year is aspirational and ambitious yet is very nearly being reached. Particularly given the make up of our workforce which includes a reasonable proportion of manual work. The unprecedented impact of the pandemic on working patterns over recent years has made it more challenging to set meaningful targets for sickness due to the issues with looking at trends in data from previous years. In 2021/22, this target was met, which was a significant achievement given that levels of sickness in previous years had been much higher.

Undoubtedly home working is a positive factor in reducing sickness absence. We are very close to achieving this target again, and based on Q1 performance, the forecast

for the year would be 7.6 days. Sickness data is closely monitored by Directorate management teams on a monthly basis and will be kept under review.

Staff Turnover

The target for the year is to be under 12%, which is very aspirational, and is very close to being met. The Q1 performance is 3.31, suggesting a forecast for the year of 13.2. While not giving cause for concern at this stage, the data is monitored by Directorate management teams on a monthly basis and will be kept under review.

Risks to increased turnover include;

- The Local Authority sector is rapidly losing pace on pay with other employers. Whilst historically an increased salary is an outcome rather than a driver of job change. The current economic climate is likely to drive behaviour as employees feel the impact of inflation.
- Other employers (including the NHS) matching the flexibility that was previously a key selling point for Local Authorities.
- Post pandemic, employers are far more relaxed about staff living a considerable distance from their work base. This has resulted in employees moving to jobs with London salaries yet remaining in Somerset.
- There is some evidence of employees moving between districts to maximise their income. Indeed, one authority is offering incentives to planning staff to move to them.
- Job security related to LGR is a factor and this risk will heighten when news of the size of the MTFP gap becomes more widely known.

% of planning appeals that have had the decision overturned:

The number of planning appeals is generally low (there have been 40 in the past 12 months) which is why the indicator looks at performance over the past 12 months. Because of the low numbers, it only takes a few appeals to have a big impact on the percentage. Of the 40 appeals, 16 have had the decision overturned by the Planning Inspectorate. During Quarter 1 of 2022/23, 5 appeal decisions were received. Of these, 1 decision (20%) was overturned which is below the target of 33%.

% of other planning applications determined within 8 weeks or an agreed extension of time:

Performance for March to June has been 75% which is lower than the target of 80%. This is due to workloads, staff sickness, vacant posts and the lack of extensions of time agreed.

Forecast budget variance for General Fund, Forecast budget variance for Housing Revenue Account, Forecast level of reserves for Housing Revenue Account.

Detailed commentary for these indicators is provided in the finance reports.

4.3 Risk Management update

The quarterly Corporate Performance Reports 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 2. 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 June there were 5 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 June 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.

Democratic Path:

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

Reporting Frequency: Once only Ad-hoc Y Quarterly
 Twice-yearly Annually

List of Appendices

Appendix 1	Key Performance Indicators Report
Appendix 2	Risk Scoring Matrix
Appendix 3	Corporate Risk Register – Key Business Risks
Appendix 4	Corporate Issues

Contact Officers

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SWT Performance report 2022/23

Link to Corporate Strategy	Full definition	Target 2022/23	Quarter 1	Direction of Travel	Denominator	Quarter 1	Numerator	Quarter 1
Transparent & Customer Focused	% of complaints responded to in 10 working days	90%	76%	↓	Total number of complaints received	228	Number of complaints responded to within 10 working days	174
	% of FOI requests responded to in 20 working days	75%	89%	↓	Total number of FOI requests received	112	Number of FOI responded to within 20 working days	100
	% of calls to Deane Helpline answered in < 60 seconds	90%	96%	↑	Total number of calls to Deane Helpline in the month	85467	Number of calls answered in under 60 seconds	82127
	Average call wait time (secs) for the last month	60 secs	359	↓				
	Cumulative percentage of the amount of Council Tax collected*	97%	33.81%	↑	Total amount of Council Tax to be collected by the 31st March	£114,325,449	Amount of Council Tax collected in the year so far	£38,696,094
	Cumulative percentage of the amount of Business Rates collected*	95%	31.67%	↑	Total amount of Business Rates to be collected by the 31st March	£54,052,048	Amount of Business Rates collected in the year so far	£17,119,920
	Average processing times of new Housing Benefit claims	19 dys	21.82	↓	Number of new Housing Benefit claims received	168	Total number of days	3666
	Average processing times for changes in circumstances for Housing Benefit claims	9 dys	7.11	↓	Number of new Housing Benefit Change of Circumstances received	1988	Total number of days	14127
	% of Licensing applications process within required timescales	90%	90%	↓	Number of licensing applications processed	494	Number of licensing applications responded within timescales	445
	Sickness Absence - average days sickness per employee (target is for the year)	7.2 dys	1.9	↓	Total working days lost for all employees (cumulative)	1148.5	Number of FTE staff	604
Staff Turnover (target is for the year)	< 12	3.31	↓	Total number of staff	604	Total number of leavers	20	
An Enterprising Council	Forecast budget variance for General Fund	£0	£326k					
	Forecast budget variance for Housing Revenue Account	£0	£745k					
	Forecast level of uncommitted reserves for General Fund.	£2.4m	£6.093m					
	Forecast level of reserves for Housing Revenue Account.	£2m	£2.468m					
	On target for Commercial Income Generation	£4.0m	Yes					

Link to Corporate Strategy	Full definition	Target 2022/23	Quarter 1	Direction of Travel	Denominator	Quarter 1	Numerator	Quarter 1
Environment & Economy	% of reported fly tipping incidents responded to within 5 working days	80%	80%	↓	Number of fly tipping incidents	189	Number of fly tipping incidents responded to within 5 days	152
	% of service requests for street cleansing actioned within 5 working days	85%	85%	↓	Number of service requests for street cleansing	294	Number of service requests actioned within 5 working days	250
	% of major planning applications determined within 13 weeks or within agreed extension of time**	75%	83%	↓	Total number of major planning applications received	6	Total number of major planning applications determined within 13 weeks or agreed extension	5
	% of minor planning applications determined within 8 weeks or agreed extension of time**	65%	69%	↓	Total number of minor planning applications received	91	Total number of minor planning applications determined within 8 weeks	63
	% of other planning applications determined within 8 weeks or an agreed extension of time**	80%	75%	↓	Total number of other planning applications received	173	Total number of other planning applications determined within 8 weeks or an agreed extension	130
	% of planning appeals that have had the decision overturned	33%	40%	↑	Number of appeals received (last 12 months)	40	Number of appeals where the decision is overturned (last 12 months)	16
	% Play area inspections completed to schedule	100%	100%	↔	Play areas to be inspected	1644	Inspections carried out	1644
Homes and Communities	Current tenant arrears at the end of month %	2.72%	2.61%	↑				
	Number of families in B&B over 6 weeks (position at the end of the quarter)	0	0	↑				
	Average re-let time in calendar days (key to key)	49 dys	44	↑	Total Number of dwellings let following void process	81		
	% of housing dwellings with a valid gas safety certificate (LGSR)	100%	100%	↔	Total number of dwellings requiring a valid gas safety certificate	1330	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%	↔				
	Completion of housing emergency repairs within 24 hours	100%	100%	↑	Total number of emergency housing repairs	467	Total number of emergency housing repairs completed in 24hrs	467

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

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

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

** The planning indicators included in this report are calculated using nationally prescribed definitions to ensure performance is consistently reported and to allow for benchmarking and comparisons. The indicators calculate timescales upon completion. Due to the current issues with Phosphates, there are a number of applications which are held in abeyance, the details of which are available here: <https://www.somersetwestandtaunton.gov.uk/planning/phosphates-on-the-somerset-levels-and-moors>

APPENDIX 2

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

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 implementation 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	5	20	Sean Papworth	Green	Green
CR23	Landlord Safety Checks	Cause: Failure to comply with Landlord Property Safety Compliance requirements. Impact: 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	Green	Amber
CR34	Unitary council transition	Cause: Inability to adequately resource the unitary transition activities, business as usual service delivery and key programmes. Impact: Failure to deliver corporate objectives, inability to maintain key services, inability to deliver key functions in the new council, reputational damage, financial loss, legal challenge.	Sep-21	4	4	16	Alison North	Amber	Amber
CR35	Impact of conflict in Ukraine	Cause: The conflict in Ukraine increases the unpredictability, which may have an impact on a number of aspects of the Council's business. Impact: This may impact on oil/gas supply, other supply chains, add to inflationary pressures, which will add to further cost of living. This will have a knock-on impact on other workloads, inc homelessness where our capacity to respond is already a challenge as the system is under pressure.	Apr-21	4	4	16	Alison North	Amber	Amber
CR36	Cost of living crisis	Cause: With the increase in the cost of living, there will be an increased growth in demand for key services (Revs and Bens, Debt Recovery, inc rent arrears etc). Impact: This will have a knock-on impact on other workloads, inc homelessness where our capacity to respond is already a challenge as the system is under pressure.	Apr-21	4	4	16	Alison North	Amber	Amber

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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 implementation status
CI 9	Phosphates	Management of phosphate levels in Tone catchment, particularly regarding impact on planning applications.	Nov-20	Alison Blom Cooper	Amber	Amber*
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.	Oct-21	Sean Papworth	Green	Amber

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 details are in the technical report, published in March 2022: <https://www.somersetwestandtaunton.gov.uk/media/3232/solutions-report.pdf>

Report Number: SWT 130/22

Somerset West and Taunton Council

Executive – 21 September 2022

2022/23 General Fund Financial Monitoring as at Quarter 1 (30 June 2022)

This matter is the responsibility of Executive Councillor Benet Allen, Portfolio Holder for Communication and 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 2022/23 (as at 30 June 2022 forecast).

1.2 It is well reported that the economic situation is challenging with the cost of living crisis, high inflation, and rising interest rates. These factors will hit our communities and businesses, and the Council is also not immune as seen in the latest forecasts. The risks to day to day service costs are seen with inflationary pressures of c£750-£850k with rising costs of utilities, energy, fuel etc and a provision for potential staff pay award exceeding budget.

1.3 The headline estimates for **revenue costs** are:

Revenue Budget	£0.326m forecast overspend	Red
General Reserves	£6m forecast balance = favourable compared to £2.4m minimum requirement	Green
Earmarked Reserves	£28m at start of year, forecast to reduce to £12m by year end as funds are used as planned.	Green

1.4 The projected overspend of £0.326m is significant, driven mainly by inflationary pressures. However, it is important to note that this is the first, early forecast for the year with 9 months remaining until year end and it is anticipated that management will control the overall position to remain within budget at outturn. This will be carefully monitored with updates reported to Members on a quarterly basis. The level of General Reserves provides significant resilience to mitigate the risk of overspend if required.

1.5 The current total approved **Capital Budget** is £63.540m and relates to the Capital Programme for continuing and new schemes approved for 2022/23. The budget is profiled with estimated spend totalling £25.195m in this financial year and £38.346 in later years. A net underspend of £0.124m is currently projected against the total budget. Whilst there is an ongoing inflation risk to works not yet under contract, budget managers are not yet forecasting significant pressures for General Fund schemes – this will be kept under review throughout the year.

2 Recommendations

- 2.1 Executive to note the Council's forecast financial performance and projected reserves position for 2022/23 financial year as of 30 June 2022.
- 2.2 Executive to approve budget transfers ("virement") of:
 - a) £473,420 to realign budgets in both Bereavement Services and Grounds Maintenance reflecting the accounting change of the service level agreement.
 - b) £302,040 to realign budgets across Commercial Services to mitigate the forecast pressure on car parking income.
- 2.3 Executive to approve a transfer of £1,200,000 from the Business Rates Volatility Reserve with £1,000,000 to the Investment Risk Reserve and £200,000 to the Investment Sinking Fund.

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 inflation being experienced in the current economic operating environment and based on experience it is feasible the year end position could change. It is common for underspends to emerge during the year, reflecting an optimism bias within previous forecasting. There may also be matters beyond the Council's control that affect the final outturn position.
- 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 June 2022.
- 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 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 General Fund Revenue Budget 2022/23 Forecast Outturn

- 5.1 The Council's General Fund is currently forecasting an overall net overspend of £326k (1.9% of £17.018m Net Budget). The main reasons for this are shown in tables 1 to 6 below.
- 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. Rising inflation and interest rates adds to uncertainty and risk. There has been an immediate impact on service costs and income, for example a rise in the cost of materials, gas, electric and fuel.
- 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.
- 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 2022/23

	Original Budget £'000	Approved Changes £'000	Current Budget £'000	Outturn Forecast £'000	Variance	
					£'000	%
Development and Place	4,044	117	4,161	4,324	163	3.9%
External Operations & Climate Change	10,037	928	10,965	10,763	-202	-1.8%
Housing & Communities	3,234	0	3,234	3,186	-48	-1.5%
Internal Operations	9,750	103	9,853	10,083	230	2.3%
Senior Management	594	-14	580	583	3	0.6%
Local Government Reorganisation	1,375	0	1,375	1,375	0	0.0%
Provision: Pay Award Shortfall	0	0	0	564	564	100.0%
Net Cost of Services	29,034	1,134	30,168	30,878	710	2.4%
COVID General Grants	0	0	0	0	0	0.0%
Investment Properties	-4,490	0	-4,490	-4,490	0	0.0%
Interest and Investment Income	-516	0	-516	-900	-384	74.3%
Expected Credit Losses	0	0	0	0	0	0.0%
Transfers to Earmarked Reserves	-5,387	-1,234	-6,621	-6,621	0	0.0%
Transfers from General Reserves	-1,375	0	-1,375	-1,375	0	0.0%

	Original Budget £'000	Approved Changes £'000	Current Budget £'000	Outturn Forecast £'000	Variance	
					£'000	%
Capital and Other Adjustments	-248	110	-138	-138	0	0.0%
Net Budget	17,018	10	17,028	17,354	326	1.9%
Funding	-17,018	-10	-17,028	-17,028	0	0.0%
Variance	0	0	0	326	326	1.9%

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

Development & Place:

The Development and Place directorate has a current net expenditure budget of £4.161m in 2022/23, which plans to deliver a range of services and projects including:

- Strategy, policy development including the Local Plan and implementation of infrastructure projects.
- Planning services Development Management – pre-application advice, applications processing and enforcement and implementation of interim phosphate measures
- Economic development, culture & arts
- Town centre regeneration
- Heritage at Risk 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’)

5.6 The directorate is currently forecasting a net overspend of £163k for the year, largely derived from the use of agency staff due to the difficulty in recruiting to key roles, particularly in Development Management.

5.7 The current inflationary pressure does not have any significant impact on the directorate as there are few premises or transport related costs.

5.8 The directorate’s budget volatility and forecast has been managed via robust contract and financial / budget management by budget holders.

Table 2: Development & Place Forecast Variances

Department Notes	Q1 Variance £'000
<p>Planning: Variance driven by the expectation that staff vacancies will be covered by agency c£118k for the remainder of the year and additional supplementary agency support c£77k. In addition, there are also unbudgeted IT costs relating to the Acolaid infrastructure of £9k. There are potential further cost pressures due to legal fees, which at this stage cannot be quantified.</p> <p>Fee income for Q1 was lower than the budgeted run rate but has been forecast to budget as it historically has been volatile. A portion of planning fee income</p>	166

Department Notes	Q1 Variance £'000
relating to undetermined applications was carried forward from 21/22 to this year. The opportunity may exist to release some of this to offset any shortfall in Q1 income, however, this cannot be confirmed until later in the year. There is a reserve of £50k that can be used to pay for specialist technical advice. This has been fully utilised.	
Other Minor Variances	-3
Total	163

External Operations and Climate Change:

The External Operations and Climate Change directorate has a current net expenditure budget of £10.965m in 2022/23, 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 is currently forecasting a net underspend of £202k for the year. This underspend is largely derived from increased income across Assets, active management of costs and the successfulness of the Environment Enforcement Litter Scheme.
- 5.10 Rising inflation is placing financial risk on the council as it sees an increase in the cost of supplies such as utilities and materials. The Directorate has reviewed the pressure placed on its services and included best estimates as part of the quarterly budget review.
- 5.11 The Executive is requested to approve a budget virement of £473,420. It is requested to move the Grounds Maintenance staffing, vehicle and equipment budgets allocated in Bereavement Services to Grounds Maintenance. An internal recharge will then be processed to reflect the Service Level Agreement between Grounds Maintenance and Bereavement Services. Budgets in both areas remain the same.

	22/23 Current Budget Bereavement Services £	22/23 Revised Budget Bereavement Services £	22/23 Current Budget Grounds Maintenance £	22/23 Revised Budget Grounds Maintenance £
Employee	184,470	0	0	184,470

Transport	22,700	0	0	22,700
Equipment	29,540	0	0	29,540
Internal Recharge		236,710		-236,710

5.12 **Car Parking:** As part of the 2022/23 budget setting process, the income budget for car parking was reduced by £1,476m (25%). During the quarter 1 budget monitoring process, savings have been identified across the Directorate and budgets realigned to further reduce the car parking income budget by a further £302k. Therefore, in total a £1.778m budget reduction from 2021/22. This is in line with the forecast reduction and changes in usage that the council is seeing across its car parks following COVID-19. The Executive is requested to approve a budget virement of £302,040 to reduce the Car Park income budget using underspends from the services as shown in the table below.

	Parking & Enforcement	Street Scene	Parks and Open Spaces	Bereavement Services
Expenditure Budgets	-£20,040	-£60,000	-£42,000	-£20,000
Income Budgets	£302,040	£0	-£10,000	-£150,000

5.13 The directorate is planning to carry forward a budget underspend in the range of £400k to £500k to meet significant commitments to key Climate Change projects that will run into next financial year. The budget for Climate Change will need to be agreed by the new Unitary Council as part of the 23/24 budget setting process.

Table 3: External Operations and Climate Change Forecast Variances

Department Notes	Q1 Variance £'000
<p>Major Contracts: A £60k contingency budget was allocated for the Environment Enforcement Litter Scheme, this budget is currently not required as the income from the Fixed Penalty Notices is offsetting costs. Capitalising salary costs for the Car Park Improvement Scheme has created an underspend of £70k.</p>	-125
<p>Asset Management: There is a forecast increase in income of £277k. This is owing to; new lettings which were unknown at budget setting time £70k, delayed vacation of tenants £75k, transfer of units at Coal Orchard £90k and proactive recovery of proportionate costs, £42k At budget setting time it was assumed that the income and expenditure would balance out for Coal Orchard, however due to the delay in site handover the void costs are forecast to be higher than anticipated, c£140k. Assumptions have been made on the timing of tenant occupancy, therefore this forecast overspend could reduce. Forecast increase in electricity costs across all buildings, £95k. A budget of £50k was identified for bad debt provision, it is predicted that this budget is no longer required. Other minor underspends across maintenance budget lines £30k.</p>	-121

Other Minor Variances	44
Total	-202

Housing & Communities:

- 5.14 The Housing and Communities directorate has a current net expenditure budget of £3.234m in 2022/23, which plans to deliver a range of services and projects including:
- Housing options include accommodation and support for homelessness and rough sleepers
 - 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.
- 5.15 The directorate is currently reporting a forecast net underspend of £48k.
- 5.16 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. Aside from this, there is increasing demand from the Homes for Ukraine scheme with many placements due to end from September that will present to the Homelessness Service as well as the relocation of refugees (largely from Syria and Afghanistan) under the government's Resettlement Scheme for Refugees. This is all within the context of substantial pressure on our resources to deliver our ambitions for single homeless customers and our need to decant the Canonsgrove facility, which makes financial certainty challenging.
- 5.17 The inflationary pressure within this Directorate is minimal and will mainly relate to the cost of materials, contracts and staffing costs to deliver services within the Homelessness function.

Table 4: Housing & Communities Forecast Variances

Department Notes	Q1 Variance £'000
Community Resilience: This underspend is attributable to a number of staffing changes including a secondment that was not backfilled.	-56
Other Minor Variances	8
Total	-48

Internal Operations:

- 5.18 The Internal Operations directorate has a current net expenditure budget of £9.853m in 2022/23. This delivers a range of support services and corporate projects, as well as

budgets for a range of centrally held corporate costs and corporate savings targets. 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
- Administration of COVID and other hardship grant schemes
- 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

5.19 The directorate is currently forecasting a net overspend of £230k for the year. This comprises £30k projected net overspend with respect to the Directorate's operational areas. The net position includes additional income from grant for Housing Benefit administration and new burdens funding which exceeds the original budget. Service-related cost pressures include project management costs and projected overspend in the Taunton Visitor Centre and Deane Helpline. In addition, £200k relates to the corporate efficiency savings target where the programme is in progress, but we will report delivered cashable savings against this target as the year progresses. These points are explained further below.

5.20 Within Internal Operations there are not many utility or transport costs and hence the main impact of inflation is within IT. Within the current forecast, where contract figures are unknown, we have estimated the increase at 6%. However, some of the known increases to date have been 7 – 8.5%. If this was the case for all currently unknown contract figures, then there would be a further cost pressure of £15-20k.

Table 5: Internal Operations Forecast Variances

Department Notes	Q1 Variance £'000
Internal Change: Forecast variance mainly due to Service Efficiency and Improvement Programme (SEIP) project management costs to December. Funding options are being explored to mitigate this cost.	78
Benefits: £73k of this underspend results from receiving a greater amount of administration grant, Verify Earnings and Pensions (VEP) and new burdens than budgeted for. We may need to utilise some of this budget underspend later in the year to ensure we have sufficient resourcing to deliver to the required DWP	-100

Department Notes	Q1 Variance £'000
standards. In addition, there is a £28k staff underspend due to reduction in some contracted hours and reduced pension contributions.	
Customer Services: The visitor centre is forecast at £31k overspent. We don't know how much the market will bounce back yet. Based on last year's income we're estimating we will recover 50% of our target budget, which corresponds with a 50% expected spend on items for resale. Electricity prices are rising quickly, we've estimated our spend but this could be higher due to the expected increase in October. The Deane Helpline is forecast at £81k overspent (Staffing £72k). Some of the allowances agreed for one part of the team together with all the additional payments for holiday pay were agreed after budget setting and therefore some of the additional costs were not included in the budget for 22/23. The rest of the potential staffing overspend is being looked at in more detail.	116
Finance: Centrally funded pension costs projected £30k below budget and staff savings £29k.	-69
Other Minor Variances	5
Total	30

5.21 Reported within Internal Operations are corporate savings budgets regarding staff vacancies and service efficiencies.

Savings Targets

Department Notes	Q1 Variance £'000
Efficiency Savings: Whilst significant efficiencies are being delivered the budget requires cashable savings to be realised, which are currently below target. This will continue to be targeted through the programme to reduce this variance.	200
Total	200

Senior Management Team (SMT)

5.22 The SMT has a current net expenditure budget of £580k in 2022/23. This budget line holds the costs of the senior leadership team (Chief Executive and Directors) plus a small contingency to support strategic priorities arising in-year. A very minor variance to budget is forecast at the end of Quarter 1.

Local Government Reorganisation (LGR)

5.23 This one-off budget of £1.375m provides for SWTC costs related to LGR in Somerset. This includes £1m for a contribution to the LGR Implementation held by Somerset County Council (£912k budgeted contribution plus £88k contingency) plus £375k to provide for additional capacity to support transition costs incurred by SWTC because of the programme. This is currently forecasting to budget.

Pay Award 2022

- 5.24 The 2022/23 approved budget assumed a 2% pay award. The forecast outturn position provided by services (reported above) include this 2% assumption.
- 5.25 A further financial pressure based on an additional 3% pay award has been estimated at £564k for the General Fund, recognising recent pay settlements in the public sector all exceeding 2% (teachers, police, NHS). Local Government pay is subject to negotiation between the employers' associations and unions – this process is ongoing. This provisional forecast based on an average 5% is a prudent finance officer's 'best guess' for financial forecasting purposes, without prejudice to these ongoing negotiations.
- 5.26 Actual costs will be reflected across all service budgets once settlement is reached and implemented.

Other Costs, Income and Reserve Transfers

- 5.27 As well as budgets allocated to directorates for the delivery of services, several budgets are reported 'below the line' as centrally held/corporate items. This area 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)
 - Transfers to and from general and earmarked revenue reserves
 - Capital accounting adjustments including capital debt repayment, revenue financing of capital costs, and transfers to and from capital reserves
- 5.28 A net underspend / income surplus of £384k is currently being forecast for the year, predominantly due to a more favourable interest payable and investment income position.
- 5.29 Investment Properties are forecasting a shortfall in income due to voids £103k, which has largely been offset by a reduced interest cost with the balance of £17k to be made up from the risk reserve. On the Legacy Investment properties, repair and maintenance costs are forecast to be £30k higher than budget, and this will be funded from the risk reserve.

Table 6: Forecast Variances

Department Notes	Q1 Variance £'000
Interest Payable and Investment Income: Treasury management activities have generated some good value for money. Concerted action has been taken to mitigate treasury risks highlighted in earlier reports. So, whilst the cost of interest on borrowing has been contained by careful timing and profiling of new external borrowing, interest receivable on the investment of cashflow and	-384

contingency balances has benefitted from increasing money market interest rates and continued strong performance in longer-term investments. Close attention continues to be placed on markets and on cashflows, which remain susceptible to volatility, movements and changing circumstances. Any impacts will continue to be reported throughout the forthcoming financial year.	
Total	-384

General Reserves

- 5.30 The opening general reserves balance as at 1 April 2022 is £7.592m, representing unearmarked reserves held to provide ongoing financial resilience and mitigation for unbudgeted financial risks.
- 5.31 As part of the budget setting proposals to Full Council on 24 February 2022 and the Financial Strategy agreed by the Executive in July 2021, £1.375m of current reserves will be used to fund a contribution towards the Local Government Reorganisation (LGR) costs. Further approved (or proposed) allocations to / from general reserves are shown in the table below.

Table 7: General Reserve Balance

	Approval	£000
Balance Brought Forward 1 April 2022		7,592
2022/23 Original Budget Transfers from Reserve	Council – 24/02/2022	-1,375
Current Balance		6,217
Transfer to Coal Orchard Warranty Earmarked Reserve	Council – 05/07/2022	-185
Released Earmarked Reserves	S151 / SMT – 10/08/22	197
Balance After In-Year Approvals		6,229
Forecast – 2022/23 Projected Overspend		-326
Projected Balance 31 March 2023		5,903
Recommended Minimum Balance		2,400
Projected Balance above Minimum Reserve Balance		3,503

- 5.32 Although reserves are currently projected to be above the minimum reserves balance, Members are advised that significant financial risks remain not least the transition to the unitary council and the need for ongoing financial sustainability measures in future. It is strongly recommended by the S151 Officer that reserves are maintained above the recommended minimum to provide flexibility and resilience in the medium term, with any future use in the current financial year prioritised to any unavoidable and unfunded financial pressures only.

Earmarked Reserves

- 5.33 The General Fund Earmarked Reserves brought forward balance for 2022/23 is £28m. This balance is forecast to reduce by c£16m this year as funds are utilised to offset the Business Rates Collection Fund Deficit; for capital financing purposes; and funding of service costs and grant-funded activities. A remaining balance at year end of c£12m is

currently projected of which c£9m mitigates financial risks related to business rates funding and property investments.

5.34 The original net budgeted/approved and projected transfers from earmarked reserves in 2022/23 is £12.929m.

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

Table 8: General Fund Earmarked Reserves

	<i>Info: Budgeted Transfers £000</i>	Balance 1 April 2022 £000	Transfers To Date £000	Forecast Transfers £000	Balance 31 March 2023 £000
Business Rates Holiday S31 Grant	-6,645	5,811	0	-5,811	0
Business Rates Volatility	-718	5,353	-718	-2,034	2,601
Investment Risk	0	3,151	0	953	4,104
Business Rates Losses S31 Grant	-897	2,499	0	-897	1,602
Investment Financing Fund	-2,000	2,000	-2,000	0	0
Capital Funding	-738	1,413	-738	-76	599
Sub-Total Risk Reserves	-10,998	20,227	-3,456	-7,865	8,906
General Carry Forwards	-900	2,075	-900	-1,175	0
Garden Town Fund	-213	978	-213	-365	400
Economic Development Initiatives	-372	643	-372	-271	0
Homelessness Prevention	-113	564	-113	-60	391
Asset Management	-280	519	-280	-239	0
Investment Assets Sinking Fund	0	500	0	200	700
Other Smaller Balances	-53	2,484	-194	-701	1,589
Sub-Total Other Reserves	-1,931	7,763	-2,072	-2,611	3,080
Total	-12,929	27,990	-5,528	-10,476	11,986

5.36 Earmarked reserves are set aside for a specific purpose and are reviewed on a regular basis. This quarter £197k of earmarked reserves are proposed to be released and returned to General Reserves as they are no longer required for their original purpose. This relates to (1) £65k that was set aside in anticipation to fund Recycle More that has been fully funded by the Somerset Waste Partnership, (2) £50k for staff parking income previously set aside but now forms part of the base budget, and (3) £82k of carry forward items that had already been budgeted for in the 2022/23 base budget.

6 Business Rates and Investment Reserves

6.1 Business rates reserves are held to manage risk and manage accounting timing differences between financial years that are a feature of the Business Rates Retention (BRR) funding system.

6.2 The S151 Officer has reviewed the recently update projected balance in the Business Rates Volatility Reserve compared with the risk of funding volatility now that SWT has reduced its BRR funding budget to the Safety Net. In this scenario the risk of adverse

variance to budget is reduced. The S151 Officer therefore recommends that £1.2m is reallocated to increase resilience to investment risk and investment management costs with £1m added to the Investment Risk Reserve and £0.2m added to the Investment Assets Sinking Fund. This supports ongoing financial resilience and forms a further step in mitigating risk following the external auditor's recommendation in December 2021 relating to investment and borrowing risks. It also means the planned increases in transfers to these reserves over the next 3-4 years can be reduced thus reducing the projected budget gap within the MTFP. These proposed transfers are reflected in the forecast column in Table 8 above.

7 General Fund (GF) Capital Programme

- 7.1 The current Capital Programme Budget is £63.540m in total (see **Appendix A**). This consists of £60.977m of previously approved schemes from prior years and £1.715m of new schemes approved in February 2022, as well as in year approvals of £981k of supplementary budgets and £132k of budget returns.
- 7.2 In-year supplementary budgets include (1) Development & Place: £775k for Coal Orchard additional costs approved by Full Council on 5th July 2022, (2) External Operations: £40k for Litter Bins and £70k for Vivary Park Footpaths, both approved by the Deputy Chief Executive & Director Place and Climate Change and the Assistant Director - Finance (S151 Officer), as well as £262,280 for Blue Anchor Coast Protection, approved by Full Council on 5 July 2022, and (3) S106 funded projects that have commenced.
- 7.3 In-year budget returns include £132k in Internal Operations mainly with respect to change projects where there has been an underspend.
- 7.4 The current high inflation rate creates an inherent risk within the ongoing projects and those for which the budgets have been approved but have not yet commenced.
- 7.5 The Council plans to finance this investment through Capital Receipts, Capital Grants, Revenue Funding and Borrowing (see **Appendix B**).
- 7.6 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**.
- 7.7 Financial performance to date against this profiled spend for this financial year can be found in **Appendix D** with an update from each directorate provided below. Overall, the Council is currently not forecasting any carry forwards and is forecasting a net underspend against profiled budget for 2022/23 of £124k mainly due to the delay of IFRS16 and the requirement to capitalise vehicle lease contract. Year to date actual spend is 5% of the total budget mainly due to the Firepool Drainage and Levels contract award still in progress, works forecast to take place in quarter 3 for Blue Anchor and contract award still in progress for the Carpark capital improvements project.

- 7.8 **Development and Place:** The capital programme includes development and regeneration projects. These budgets are governed via the Directorate and Programme Boards before being reported to Full Council. The Coal Orchard project is expected to complete in the autumn, the Phosphate following land proposal is being reviewed by Legal and the Firepool Drainage & Levels contract award is currently in progress. Work continues on the Flood mitigation interventions on the left bank of the Tone River and at Firepool Lock. The overspend relates to continuing contamination testing at the Lisieux Way site which need to continue into the summer of 2023.
- 7.9 **External Operations and Climate Change:** The capital programme spans a diverse range of activities that also, in part, span across two financial years. The Directorate has a robust programme management system to ensure the capital schemes are tracked and spent in a timely manner. There is a reported underspend of £137k which is mainly due to the implementation of a new accounting standard (IFRS16–Leases) being deferred, meaning the finance lease costs for the fleet contract will be accounted for in revenue.
- 7.10 **Housing and Communities:** The capital programme has been updated to reflect the Single Homelessness and Rough Sleeper Accommodation Strategy & Delivery Plan. 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. RSAP grants are front-loaded and therefore we plan to use this first and our Better Care Fund has slipped to next year.
- 7.11 **Internal Operations:** The capital programme relates to the annual PC refresh upgrades and alarms for the lifeline service are profiled here. The current forecast is to spend the budgets.
- 7.12 **Hinkley:** The Hinkley funded projects are expected to be completed in the current year.
- 7.13 **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.

8 Risk and Uncertainty

- 8.1 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 2022/23 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.

- 8.2 The following general risks and uncertainties have been identified:
- 8.3 **Pay Award:** As mentioned above in Section 5, the budgets have been set based on 2% pay award for 2022/23. In light of recent public sector pay award announcements, the forecast assumes an average of 5% i.e. 3% over budget. Each 1% increase costs approximately £190k to the General Fund. Pay negotiations for local government are in progress and it is feasible that costs may further exceed budget. The most recent offer put forward by the National Employers, of an increase of £1925 on all NJC pay points 1 and above, would add a further £140k pressure to the General Fund.
- 8.4 **Inflation:** The current economic operating environment is placing financial risk on the Council in terms of rising inflation increasing the cost of supplies such as utilities and materials. The Council is seeing price increases on our corporate contracts of c60% on electricity, c80% on gas and c45% on fuel. However further variances may come to light during the year based on levels of usage in these areas. There is also uncertainty to the inflation to be seen on other contracts such as IT systems and maintenance works where contracts are still out to tender. Directors have undertaken an impact assessment of the inflationary pressure placed on their services and included best estimates as part of their quarterly review.
- 8.5 **Insurance Premiums:** The Council's insurance policies are due for renewal on 1 August 2022. Premiums are affected by inflation as well as risk, thus high inflation which may lead to an adverse variance to budget. The renewal falls just eight months ahead of the Unitary Vesting Day, with the risk that an additional premium may be payable for a shorter policy period. The position will be confirmed in the Q2 report.
- 8.6 **Recruitment:** There are a number of vacancies across the Council and assumptions have been made as to when these vacancies will be filled. The Council is experiencing recruitment issues (as seen country-wide) therefore assumptions and forecasts may change, in addition to higher agency costs to cover roles where permanent recruitment is not successful.
- 8.7 **Pensions:** Employers' obligation to review auto-enrolment to pension schemes is reviewed every three years with the next auto-enrolment due in October 2022. We will need to auto-enrol staff not currently in the pension scheme unless they opt out. This may lead to higher pension costs in the second half of the year.
- 8.8 **Unitary Council:** The transition to the new Unitary places a significant demand on management and staff. This may lead to additional costs to deliver the transition and ensure day to day services are maintained at satisfactory performance standards. It could also slow down spending in some areas as priorities and capacities adjust during the transition period.
- 8.9 **Fleet Contract / IFRS16 Leases:** CIPFA has delayed the implementation of IFRS16 however we could have chosen to adopt this early but due to the implementation of the Unitary Council all Somerset Councils have made the decision to delay adoption. Therefore, where SWT had budgeted for the lease as a capital cost these now fall to revenue. The services hope to absorb this cost through in-year underspends and delays in receiving new vehicles.

- 8.10 **Business Rates (Risk):** There are inherent risks and uncertainties within the Business Rates Retention system, both in terms of income volatility and accounting timing differences between financial years. The Council holds earmarked risk reserves to mitigate in year pressures. As the 2022/23 budget was reduced for the anticipated decommissioning of Hinkley Point B nuclear power station, which accounts for almost 20% of the current tax base, the risk should be reduced this year. The first reactor was switched off in July and the second on 1 August 2022. The Valuation Office Agency will need to advise the resulting changes to the rateable value, and we will then assess the impact on our business rates retention funding estimates.
- 8.11 **Council Tax (Risk):** There are inherent risks and uncertainties within the Council Tax collection system, especially in light of the current economic climate and the risk of non-payment. An increased impairment allowance has been applied for 22/23 in light of this. This will have an impact on the Collection Fund for the General Fund budget in future years through the Surplus or Deficit recovery. Regular review of statistics will be undertaken to monitor the situation.
- 8.12 **Development Management:** Due to the volatility of planning income, which is significantly demand led, it is difficult to forecast the full year income impact accurately.
- 8.13 **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 2022/23. The position needs to be kept under review pending the delivery of the Homelessness Strategy including the planned decant from the Canonsgrove site.
- 8.14 **Revenues & Benefits:** The position on rent allowances/rent rebates could change significantly (approximately £200k-£300k either way) because of 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.
- 8.15 **New Burdens:** SWT is expected to receive more New Burdens Grant Funding during the year for example for the implementation of the energy rebate scheme. This will increase our revenue income, but final grant amounts are not yet known.
- 8.16 **Interest and Investment Income:** UK economic volatility will continue to present a risk of variations in interest receivable. In addition, cashflow forecasts remain difficult to predict with certainty in respect of the timing and progress of capital projects and in relation to the receipt and application of large grant funding. Careful daily monitoring and management of the Council's overall liquidity mitigate this risk as far as possible. Meanwhile, the risk of exposure to rising interest rates on borrowing, previously reported, has been contained for the current year leading up to the new Unitary Council.
- 8.17 **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.
- 8.18 **Fluctuation in demand for services:** We operate many demand-led services and the

levels of demand do not always follow a recognisable trend, which may lead to fluctuations in costs and income compared with current forecasts.

- 8.19 **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.

9 Links to Corporate Strategy

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

10 Unitary Council Financial Implications and S24 Direction Implications

- 10.1 The main considerations within scope of this report is the impact of in-year financial performance on year end reserve balances that will transfer to the new unitary council on 1 April, and potential impact of variances on future budget estimates. Reserves are currently projected to remain above the minimum requirement. Finance officers and budget managers will feed in ongoing and future risks and implications through the budget setting process for 2023/24.

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 This report was considered by Corporate Scrutiny on 7 September 2022. A summary of the comments and recommendations discussed is provided below for the Executive to consider.
- 12.2 Further clarification was sought with regards to the request to approve a budget transfer ("virement") of £302,040 to realign budgets across Commercial Services to mitigate the forecast pressure on car parking income. A table has since been included within this report to provide clarity on where budgets will be transferred from. The car parking service was discussed further with various comments made on the reasons for the fall in income including which car parks have seen the biggest reduction.
- 12.3 The inflationary impact of fuel was discussed including the increase in fuel prices seen by the Council and the assumptions made in the current forecast.
- 12.4 Clarification was sought with regards to the net budget of £4.161m within the Development & Place Directorate, the relationship the net budget had to the services delivered within the planning function.
- 12.5 The inflation that was built into the original budget for 2022/23 was discussed.

Democratic Path:

- Corporate Scrutiny – 7 September 2022
- Executive – 21 September 2022
- 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 2022/23 Vs Forecast Capital Outturn for 2022/23

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Appendix A: General Fund Approved Capital Budget

SWT Capital Programme	Prior Year Slippage	Current Year Approval Feb 2022 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	48,843,459	0	48,843,459	0	775,006	0	49,618,465
External Operations and Climate Change	5,937,107	1,666,800	7,603,907	0	110,000	0	7,713,907
Housing & Communities	5,010,529	228,063	5,238,592	0	0	0	5,238,592
Internal Operations	557,231	(180,000)	377,231	0	0	(132,460)	244,771
Hinkley Capital Schemes	130,005	0	130,005	0	0	0	130,005
S106 Capital Schemes	498,603	0	498,603	0	96,051	0	594,654
Total GF	60,976,934	1,714,863	62,691,797	0	981,057	(132,460)	63,540,394

Appendix B: Capital Financing Plan of Total Approved Budget

SWT Capital Programme	TOTAL CAPITAL FINANCING	Capital Grants CIL	Capital Grants	Section 106 Agreements	Capital Receipts	General Fund RCCO	Other Earmarked Reserves	Borrowing
Development and Place	49,618,465	12,286,578	13,018,025	1,986,000	1,186,099	50,000	98,400	20,993,364
External Operations and Climate Change	7,713,907	0	3,534,605	0	1,434,770	1,040,000	814,146	890,386
Housing & Communities	5,238,592	0	4,369,853	374,791	385,446	0	0	108,502
Internal Operations	244,771	0	0	0	244,768	0	0	4
Hinkley Capital Schemes	130,005	0	130,005	0	0	0	0	0
S106 Capital Schemes	594,654	0	0	594,654	0	0	0	0
Total GF	63,540,394	12,286,578	21,052,488	2,955,445	3,251,082	1,090,000	912,546	21,992,255

Appendix C: General Fund Annual Profiling of Approved Capital Budget

SWT Capital Programme	Total Approved Budget	Planned Capex 2022/23	Planned Capex 2023/24	Planned Capex 2024/25	Planned Capex 2025/26
Development and Place	49,618,465	15,895,788	17,021,402	10,631,942	6,069,333
External Operations and Climate Change	7,713,907	5,737,381	1,976,526	0	0
Housing & Communities	5,238,592	2,592,192	1,343,916	708,686	593,798
Internal Operations	244,771	244,768	0	0	0
Hinkley Capital Schemes	130,005	130,005	0	0	0
S106 Capital Schemes	594,654	594,654	0	0	0
Total GF	63,540,394	25,194,787	20,341,844	11,340,628	6,663,131

Appendix D: Profiled Capital Budget for 2022/23 Vs Forecast Capital Outturn for 2022/23

SWT Capital Programme	Planned Capex Budget 2022/23	Expenditure YTD	Forecast Outturn 2022/23	Variance; - underspend + overspend	- Slippage c/f	In Year - Underspend + Overspend
Development and Place	15,895,788	663,483	15,908,788	13,000	(0)	13,000
External Operations and Climate Change	5,737,381	444,645	5,600,544	(136,837)	0	(136,837)
Housing & Communities	2,592,192	(17,676)	2,592,192	(0)	(0)	0
Internal Operations	244,768	7,359	244,768	(0)	0	(0)
Hinkley Capital Schemes	130,005	0	130,005	0	0	0
S106 Capital Schemes	594,654	97,911	627,984	1	1	0
Total GF	25,194,787	1,195,722	25,104,280	(123,837)	0	(123,837)

Report Number: SWT 131/22

Somerset West and Taunton Council

Executive – 21 September 2022

2022/23 Housing Revenue Account Financial Monitoring as at Quarter 1 (30 June 2022)

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 2022/23 (as at 30 June 2022).
- 1.2 It is well reported that the economic situation is challenging with the cost of living crisis, high inflation, and rising interest rates. These factors will hit our communities and businesses, and the Council is also not immune as seen in the latest forecasts. The risks to day to day service costs are seen with inflationary pressures for rising costs of utilities, energy, fuel etc and a provision for potential staff pay award exceeding budget.
- 1.3 The headline estimates for **revenue costs** are:

Revenue Budget	£0.745m forecast overspend	Red
General Reserves	£2.468m forecast balance = favourable (though low) compared to £2m minimum requirement	Amber
Earmarked Reserves	£54k opening balance	Green

- 1.4 The projected overspend of £0.745m is significant, driven mainly by forecast costs of void repairs, tenancy management costs and the estimated pay award. This will be carefully monitored with updates reported to Members on a quarterly basis. The level of General Reserves does provide the ability to cover the current predicted overspend, if required, but does not provide resilience to mitigate the risk of any further significant overspend or additional pressures. Housing Management will take steps to reduce and halt spend especially for discretionary activities, to help mitigate the current position, and to try to maintain a more secure reserves position.
- 1.3 Members will be aware that budget setting for 2022/23 was significantly challenging, where some budgets required re-basing especially around repairs and maintenance,

and consequently the service will be pursuing efficiency targets into next financial year and beyond.

- 1.4 Whilst best endeavours are used 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 control over spending continues to reduce the forecast overspend and maintain adequate reserves.
- 1.5 The HRA **Capital Programme** has a total approved budget of £109.4m. The profiled budgeted spend for 2022/23 is £36.347m and this is currently forecast to underspend in the year by £2.052m; £1.679m due to slippage of work into 2023/24 and £249k budget to be returned.

2 Recommendations

- 2.1 This report is to be noted as the HRA's forecast financial performance and projected reserves position for 2022/23 financial year as at 30 June 2022.

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 inflation being experienced in the current economic operating environment and based on experience it is feasible the year end position could change. It is common for underspends to emerge during the year, reflecting an optimism bias within previous forecasting. There may also be matters beyond the Council's control that affect the final outturn position.
- 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, though these are low for the HRA.
- 3.3 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 overspend outturn position was to increase and further in year financial pressures arise.

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 June 2022.
- 4.2 The regular monitoring of financial information is a key element in the Council's HRA 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 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 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 2022/23 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 2022/23 is a net overspend of £745k.

Table 1: HRA Revenue Outturn Summary

	Current Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Gross Income	-28,404	-28,482	-78	-0.3%
Service Expenditure	16,937	17,771	834	2.9%
Other Expenditure	11,468	11,456	-12	0.0%
Total	0	745	745	2.6%

- 5.4 The variances to budget are shown in more detail in Table 2 and further explanations for variances over £50k below.

Table 2: Summary of Forecast Variances for the Year

	Current Budget £000	Outturn £000	Q1 Variance £000
Dwelling Rents	-25,581	-25,719	-139
Non-Dwelling Rents	-767	-718	49
Charges for Services / Facilities	-1,649	-1,651	-2
Other Income	-408	-394	14
Sub-Total Gross Income	-28,404	-28,482	-78

Service Expenditure:			
Development & Regeneration	60	55	-5
Community Resilience	153	147	-6
Tenancy Management	3,228	3,414	186
Maintenance	5,598	6,094	496
Assets	420	419	-1
Capital Investment	563	578	14
Compliance	1,829	1,680	-149
Performance	5,084	5,115	31
Provision: Pay Award Shortfall	0	269	269
Sub-Total Service Expenditure	16,937	17,771	834
Central Costs / Movement in Reserves:			
Revenue Contribution to Capital	-	-	-
Interest Payable	2,883	2,789	-94
Interest Receivable	-83	0	83
Change in Provision for Bad Debt	180	180	-
Depreciation	7,666	7,666	-
Capital Debt Repayment	1,021	1,021	-
Movement In Reserves	-200	-200	-
Sub-Total Central Costs / Movement in Reserves:	11,468	11,456	-12
Net Surplus(-) / Deficit for the Year	-	745	745

Income

- 5.5 **Dwelling Rent Income:** The budgeted income for 2022/23 is £25.581m, which reflects an assumption of 2% void losses and applying a 52-week year. The overall current projections suggest that more income will be recovered than predicted when setting the budget and providing an allowance for voids. The current projection for dwelling rent income is an over recovery against budget of £139k which partly relates to timings of predicted stock changes and levels of voids.

Expenditure

- 5.6 **Tenancy Management:** This area covers lettings, supported housing, rent recovery, leaseholders and other tenancy management support activities. The total current budget is £3.228m and it is forecasting an overspend of £186k. This mainly relates to an overspend on staffing costs due to additional resources required to manage the increasing number of cases raised by tenants following the aftermath of COVID, as well

as backfill for maternity and sick leave. Part of the overspend relates to a budget saving for 2022/23 by undertaking RTB surveys using our in-house resources, however this resource is now unavailable, and the activity is now being procured externally.

- 5.7 **Maintenance:** The overspend relates to the ongoing repairs and maintenance of the housing stock through void activity undertaken to ensure our Lettable Standard is met before reletting. Whilst this is a very demand led and reactive service based on the condition of the properties being returned this service is experiencing an increase in cost pressures as inflation drives up the cost of materials (as seen nationally). There is an in-house initiative called the "Leaving Well" scheme which aims to work with and support the tenants to leave their homes in a suitable manner to reduce the time and cost of work then required on void properties before reletting.
- 5.8 **Compliance:** The service is forecasting an underspend of £149k. Following a validation of apparatus / installations on site, the service has identified that the previous data estimations were greater than those required in year. Therefore, the budget requirement for compliance activity for 2022/23 have been revised and reduced by £149k.
- 5.9 **Performance:** Of the total budget of £5.084m, £3.920m relates to shared costs such as support services, pension deficit, and governance, leaving £1.164m 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 overspend of £31k is the net position of a forecast underspend on operating costs and an overspend on in year adjustment of staffing costs.
- 5.10 **Pay Award 2022:** The 2022/23 approved budget assumed a 2% pay award. The forecast outturn position provided by services (reported above) include this 2% assumption.
- 5.11 A further financial pressure based on an additional 3% pay award has been estimated at £269k for the HRA, recognising recent pay settlements in the public sector all exceeding 2% (teachers, police, NHS). Local Government pay is subject to negotiation between the employers' associations and unions – this process is ongoing. This provisional forecast based on an average 5% is a prudent finance officer's 'best guess' for financial forecasting purposes, without prejudice to these ongoing negotiations.
- 5.12 Actual costs will be reflected across all service budgets once settlement is reached and implemented, which could be higher.
- 5.13 **Interest Payable:** The budget estimate for 2022/23 was £2.883m. This was based on assumptions for the refinancing of £10m of debt repaid in March 2022 which differ to the actual cost of borrowing and the term of the loan resulting in an underspend of £94k.
- 5.14 **Interest Receivable:** This is dependent on the final capital financing requirement for the year, as well as levels of borrowing and reserves. The current projections of capital spend, and level of reserves suggest that there will be no interest income for the year, though it is highly likely that this will change by the end of the year.

- 5.15 **Depreciation:** The depreciation charge for the HRA is calculated at the end of the financial year and then transferred to the Major Repairs Reserve (MRR) to be reinvested in the housing stock through financing of the capital programme and/or repay capital debt. The current forecast is to budget for Q1 however an issue has been raised (see Section 9) and further updates will be provided in Q2.
- 5.16 **Capital Debt Repayment:** As per the Budget Setting Report for 2022/23 (Full Council Feb 2022) the HRA financial strategy presented a one-off reduction in budget (from £1.821m) of £800k to provide revenue capacity in 2022/23 replacing this with £800k of non-RTB capital receipts.

6 Capital Programme

- 6.1 The HRA current approved Capital Programme is £109.4m. This consists of £14.4m of new schemes approved for 2022/23 plus £95m 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, Capital Grants, 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 nine 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 £36m profiled to be spent in 2022/23 with the balance of £73m 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 2022/23 by £1.928m; £1.679m slipping into subsequent years and £249k being returned.
- 6.5 **Major Works:** The approved budget of £14.9m is funded by the Major Repairs Reserve and Borrowing and relates to spend on major works to existing dwellings. New schemes approved for 2022/23 total £11m with slippage from the prior year of £3.9m.
- 6.6 The 2022/23 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
- 6.7 The current forecast projected spend is £13.5m resulting in an underspend against budget of £1.5m which will fall into subsequent years.
- 6.8 **Improvements:** The approved budget of £5.2m is funded by the Major Repairs Reserve and relates to spend on improvements to existing dwellings and related assets. New

schemes approved for 2022/23 total £3.3m with slippage from the prior year of £1.9m.

- 6.9 The current forecast projected spend is £4.7m resulting in an underspend against budget of £482k of which £204k will fall into subsequent years and £278k proposed to be returned. The budget return relates to the implementation of a new accounting standard (IFRS16 - Leases) being deferred, meaning the finance lease costs for the fleet contract will be accounted for in revenue.
- 6.10 **Social Housing Development Programme:** The current approved budget of £89.3m is for the provision of new housing through schemes such as Phases A-E for North Taunton Regeneration (NTWP), Seaward Way, Oxford Inn and Zero Carbon Affordable Homes to increase the Council's housing stock. This will be funded through by RTB Capital Receipts, Capital Grants and Borrowing.
- 6.11 The current Social Housing capital programme for 2022/23 is progressing well with contractors on site at phase A of NTWP and Seaward Way, together developing 101 new homes. During the year the service also expects to start and complete demolition of NTWP phases B and Ci and Oxford Inn and commence development on NTWP phase B and Ci developing a further 51 new homes. The refurbishment of properties at Oake and NTWP phase E is due to commence in the Autumn and will see 37 Woolaway homes refurbished over a two to three year period.
- 6.12 The North Taunton Regeneration (NTWP) scheme is progressing as noted in 6.13 however due to the complexity of the programme of works and the interdependencies between the five phases there is a need to realign capital budgets across the NTWP phases. Officers are not requesting additional funding and the programme budget envelope remains unaltered (see confidential Appendix E). The reason for a realignment of phase budgets is primarily to do with bringing forward part of phase C (Ci) within phase B to allow the decanting of customers with additional housing need to benefit from a one move only. The new phase B and Ci has also allowed an opportunity to value engineer out some contractor costs within the programme in particular prelim costs.
- 6.13 Member should note that the economic environment is very challenging in relation to the building of homes. SWTs keys risks include inflation, especially in relation to the NTWP which spans several phases and is delivered over many years, contractors risk appetite, availability of staff and sub-contractors, insurance premiums and materials shortages are also challenges. In addition, statutory and voluntary requirements in terms of energy efficiency and climate change, highway infrastructure, phosphates and fire prevention is also increasing the time and cost pressures relating to the development of new homes. The Council is delivering affordable housing for rent and therefore does not have the ability to benefit from house price inflation to offset some of the additional costs.
- 6.14 The service has realigned in the business plan the delivery timescales and budget for the 61 new build units in the zero carbon affordable homes pilot and Oxford Inn to allow time for appropriate phosphate mitigation strategies to support planning applications and maintain the strength of the HRA business plan.

7 HRA Earmarked Reserves

- 7.1 The HRA Earmarked Reserves at the beginning of 2022/23 totalled £54k (see **Table 3** below). The remaining funds have been earmarked to be spent within the next two years.

Table 3: Earmarked Reserves Balances

Description	Opening Balance 01/04/2022 £000	Transfers £000	Projected Balance 31/3/2023 £000
HRA One Teams	6	0	6
HRA Hinkley	48	0	48
HRA Total	54	0	54

8 HRA General Reserves

- 8.1 The opening HRA general reserves balance as at 1 April 2022 is £3.413m, representing unearmarked reserves held to provide ongoing financial resilience and mitigation for unbudgeted financial risks. This is £1.413m above the minimum recommended reserve level of £2m.
- 8.2 As part of the budget setting proposals to Full Council on 8 February 2022 £200k of current reserves will be used to support the base budget in 2022/23. Further approved (or proposed) allocations to / from general reserves are shown in the table below.

Table 4: HRA Unearmarked Reserves Balance

	Approval	£'000
Balance Brought Forward 1 April 2022		3,413
Budgeted Contribution to support base budget 2022/23	FC - 08/02/22	-200
Current Balance		3,213
Balance After In-Year Approvals		3,213
Forecast – 2022/23 Projected Overspend		-745
Projected Balance 31 March 2023		2,468
Recommended Minimum Balance		2,000
Projected Balance above Minimum Reserve Balance		468

- 8.3 The current outturn position is forecast to be a net overspend of £745k. If the forecast outturn position does not improve the deficit will reduce reserve balances to £2.468m, which is only £468k above the recommended minimum balance of £2m. It is essential that control on spending for the remainder of the year continues to reduce the forecast overspend and maintain adequate reserves. Financial risks are increasing with rising household costs for tenants and rising operating and capital financing costs for the Council. Management must take the necessary steps to control costs and manage risk to ensure financial resilience is maintained. The minimum balance is currently at risk.
- 8.4 If reserves do fall below adequate minimum levels it will be vital that sustainable plans are implemented rapidly during 2023/24 to restore balances to an acceptable level. The emerging financial pressures this year demonstrate 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.

9 Risk and Uncertainty

- 9.1 Budgets and forecasts are based on known information and the best estimates of the housing service's future spending and income. Income and expenditure over the 2022/23 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:
- 9.3 **Dwelling Depreciation:** Officers have modelled projections for the expected depreciation charge considering increasing inflationary pressures across the Council. Early calculations in advance of September's BCIS present an emerging issue where initial indications suggest that an additional pressure on the HRA revenue account in the region of **£1.4m**. Officers are reviewing the methodology used and mitigations available in light of the pressure this will place on the HRA, and an update will be provided in the Q2 report.
- 9.4 **Pay Award:** As mentioned above in Section 5, the budgets have been set based on 2% pay award for 2022/23. In light of recent public sector pay award announcements, the forecast assumes an average of 5% i.e. 3% over budget. Each 1% increase costs approximately £90k to the HRA. Pay negotiations for local government are in progress and it is feasible that costs may further exceed budget. The most recent offer put forward by the National Employers, of an increase of £1925 on all NJC pay points 1 and above, would add a further £85k pressure to the HRA.
- 9.5 **Inflation:** The current economic operating environment is placing financial risk on the Council in terms of rising inflation increasing the cost of supplies such as utilities and materials. The Council is seeing price increases on our corporate contracts of c60% on electricity, c80% on gas and c45% on fuel. However further variances may come to light during the year based on levels of usage in these areas. There is also uncertain inflationary pressures on other revenue and capital contracts. Budget Holders have undertaken an impact assessment of the inflationary pressure placed on their services and included best estimates as part of their quarterly review.
- 9.6 **Insurance Premiums:** The Council's insurance policies are due for renewal on 1 August 2022. Premiums are affected by inflation as well as risk, thus high inflation which may lead to an adverse variance to budget. The renewal falls just eight months ahead of the Unitary Vesting Day, with the risk that an additional premium may be payable for a shorter policy period. The position will be confirmed in the Q2 report.
- 9.7 **Recruitment:** There are a number of vacancies across the Council and assumptions have been made as to when these vacancies will be filled. The Council is experiencing

recruitment issues (as seen country-wide) therefore assumptions and forecasts may change, in addition to higher agency costs to cover roles where permanent recruitment is not successful.

- 9.8 **Pensions:** Employers' obligation to review auto-enrolment to pension schemes is reviewed every three years with the next auto-enrolment due in October 2022. We will need to auto-enrol staff not currently in the pension scheme unless they opt out. This may lead to higher pension costs in the second half of the year.
- 9.9 **Fleet Contract / IFRS16 Leases:** CIPFA has delayed the implementation of IFRS16 however we could have chosen to adopt this early but due to the implementation of the Unitary Council all Somerset Councils have made the decision to delay adoption. Therefore, where SWT had budgeted for the lease as a capital cost these now fall to revenue. The services hope to absorb this cost through in-year underspends and delays in receiving new vehicles.
- 9.10 **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.
- 9.11 **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 procured and delivered. Whilst additional budget provision has been added previously, new regulatory requirements and assurance process are still emerging, the full extent of the full financial pressure of these remains uncertain.
- 9.12 **Cost of living crisis, Welfare Reform and Universal Credit (UC):** The impacts of these 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 particularly by the rising cost of living such as debt advice, access to discretionary housing payments and an arrears management team with redesigned workflow processes. These issues may require the Council to revise future income projections.
- 9.13 **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 may not be fully supported 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.

- 9.14 **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.
- 9.15 **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. To date, the Council has successfully fully spent all of their retained 1-4-1 receipts within the require timescales resulting in no returns being made to the Treasury/DLUHC.
- 9.16 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. Therefore, there is still a risk that the current delivery plan on new build schemes could be delayed and may result in funds being return to DLUHC/Treasury.
- 9.17 **Unitary Council:** The transition to the new Unitary places a significant demand on management and staff. It is currently unknown what the future potential HRA costs 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 receipts to be used as flexible capital receipts to fund transformation costs. 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 **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.
- 9.19 **Fluctuation in demand for services:** We operate many demand-led services and the levels of demand do not always follow a recognisable trend, which may lead to fluctuations in costs and income compared with current forecasts.
- 9.20 **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.

10 Links to Corporate Strategy

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

and therefore all Corporate Aims.

11 Unitary Council Financial Implications and S24 Direction Implications

11.1 The main considerations within scope of this report is the impact of in-year financial performance on year end reserve balances that will transfer to the new unitary council on 1 April, and potential impact of variances on future budget estimates. Reserves are currently projected to remain above the minimum requirement. Finance officers and budget managers will feed in ongoing and future risks and implications through the budget setting process for 2023/24.

12 Partnership Implications

12.1 A range of HRA services are provided through partnership arrangements such as MIND, citizen's advice, 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.

13 Scrutiny Comments / Recommendations

13.1 This report was considered by Community Scrutiny on 31 August 2022. A summary of the comments and recommendations discussed is provided below.

13.2 The projected outturn financial position as at 30 June 2022 was discussed in the context of the current economic climate and the pressures facing the HRA. It was queried if this was the worst-case scenario, as well as how inflation been factored into the forecasts and how the service was able to protect itself from further inflationary pressures.

13.3 There was a request to provide an update on any potential savings that have been identified to within the financial position in 2022/23 and for these to be reported to the Committee as part of the Qtr2 update at the end of November.

Democratic Path:

- **Community Scrutiny – 31 August 2022**
- **Executive – 21 September 2022**
- **Full Council - No**

Reporting Frequency: Quarterly

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Appendix E	CONFIDENTIAL

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Appendix A: HRA Approved Capital Budget

SWT Capital Programme	Prior Year Slippage	Current Year Approval Feb 2022 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	3,895,968	11,051,000	14,946,968	0	0	0	14,946,968
Fire Safety	1,440,637	2,133,000	3,573,637	0	0	0	3,573,637
Related Assets	0	120,000	120,000	0	0	0	120,000
Exceptional & Extensive	0	350,000	350,000	0	0	0	350,000
Vehicles	65,000	155,000	220,000	0	0	0	220,000
ICT & Transformation	351,405	200,000	551,405	0	0	0	551,405
Aids & Adaptations & DFGs	0	370,000	370,000	0	0	0	370,000
Sub-Total Majors & Improvements	5,753,010	14,379,000	20,132,010	0	0	0	20,132,010
Social Housing Development	89,268,617	0	89,268,617	(0)	0	0	89,268,617
Total HRA	95,021,627	14,379,000	109,400,627	(0)	0	0	109,400,627

Appendix B: HRA Capital Financing of Total Approved Budget

SWT Capital Programme	TOTAL CAPITAL FINANCING	Capital Grants	Right To Buy (RTB) Capital Receipts	Capital Receipts	HRA Revenue Contribution	Major Repairs Reserve	Other Earmarked Reserves	Borrowing
Major Works	14,946,968	0	0	0	0	10,681,958	0	4,265,009
Fire Safety	3,573,637	0	0	0	0	3,573,637	0	0
Related Assets	120,000	0	0	0	0	120,000	0	0
Exceptional & Extensive	350,000	0	0	0	0	350,000	0	0
Vehicles	220,000	0	0	0	0	220,000	0	0
ICT & Transformation	551,405	0	0	200,000	0	351,405	0	0
Aids & Adaptations & DFGs	370,000	0	0	0	0	370,000	0	0
Sub-Total Majors & Improvements	20,132,010	0	0	200,000	0	15,667,000	0	4,265,009
Social Housing Development	89,268,617	402,229	16,303,315	0	0	0	0	72,563,072
Total HRA	109,400,627	402,229	16,303,315	200,000	0	15,667,000	0	76,828,082

Appendix C: HRA Annual Profiling of Approved Capital Budget

SWT Capital Programme	Total Approved Budget	Planned Capex 2022/23	Planned Capex 2023/24	Planned Capex 2024/25	Planned Capex 2025/26	Planned Capex 2026/27	Planned Capex 2027/28	Planned Capex 2028/29	Planned Capex 2029/30	Planned Capex 2030/31
Major Works	14,946,968	14,946,968	0	0	0	0	0	0	0	0
Fire Safety	3,573,637	3,573,637	0	0	0	0	0	0	0	0
Related Assets	120,000	120,000	0	0	0	0	0	0	0	0
Exceptional & Extensive	350,000	350,000	0	0	0	0	0	0	0	0
Vehicles	220,000	220,000	0	0	0	0	0	0	0	0
ICT & Transformation	551,405	551,405	0	0	0	0	0	0	0	0
Aids & Adaptations & DFGs	370,000	370,000	0	0	0	0	0	0	0	0
Sub-Total Majors & Improvements	20,132,010	20,132,010	0	0	0	0	0	0	0	0
Social Housing Development	89,268,617	16,214,803	16,421,411	16,626,272	12,694,184	4,271,334	6,800,000	7,793,039	6,950,000	1,497,575
Total HRA	109,400,627	36,346,812	16,421,411	16,626,272	12,694,184	4,271,334	6,800,000	7,793,039	6,950,000	1,497,575

Appendix D: HRA Profiled Capital Budget for 2022/23 Vs Forecast Capital Outturn for 2022/23

SWT Capital Programme	Planned Capex Budget 2022/23	Expenditure YTD	Forecast Outturn 2022/23	Variance; - underspend + overspend	- Slippage c/f	In Year - Underspend + Overspend
Major Works	14,946,968	632,206	13,472,365	(1,474,603)	(1,474,603)	0
Fire Safety	3,573,637	13,889	3,573,637	(0)	(0)	0
Related Assets	120,000	2,019	62,019	(57,981)	0	(57,981)
Exceptional & Extensive	350,000	6,992	123,978	(226,022)	(226,022)	0
Vehicles	220,000	780	0	(220,000)	0	(220,000)
ICT & Transformation	551,405	54,329	499,366	(52,039)	(52,039)	0
Aids & Adaptations & DFGs	370,000	15,321	443,835	73,835	73,835	0
Sub-Total Majors & Improvements	20,132,010	725,537	18,175,199	(1,956,810)	(1,678,829)	(277,981)
Social Housing Development	16,214,803	1,365,940	16,243,326	28,524	0	28,524
Total HRA	36,346,812	2,091,477	34,418,526	(1,928,287)	(1,678,829)	(249,457)

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

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