

Public Agenda Pack



Notice of Meeting of

EXECUTIVE

Wednesday, 6 September 2023 at 10.00 am

Luttrell Room - County Hall, Taunton, TA1 4DY

To: The members of the Executive

Chair: Councillor Bill Revans

Vice-chair: Councillor Liz Leyshon

Councillor Theo Butt Philip	Councillor Adam Dance	Councillor Dixie Darch
Councillor Tessa Munt	Councillor Mike Rigby	Councillor Dean Ruddle
Councillor Federica Smith- Roberts	Councillor Ros Wyke	

For further information about the meeting, including how to join the meeting virtually, please contact Democratic Services democraticserviceteam@somerset.gov.uk.

All members of the public are welcome to attend our meetings and ask questions or make a statement **by giving advance notice** in writing or by e-mail to the Monitoring Officer at email: democraticserviceteam@somerset.gov.uk by **5pm on Thursday, 31 August 2023**.

This meeting will be open to the public and press, subject to the passing of any resolution under the Local Government Act 1972, Schedule 12A: Access to Information.

The meeting will be webcast and an audio recording made.

Issued by (the Proper Officer) on Tuesday, 29 August 2023

AGENDA

Executive - 10.00 am Wednesday, 6 September 2023

Public Guidance Notes contained in Agenda Annexe 5 - 6

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1 Apologies for Absence

To receive any apologies for absence.

2 Minutes from the Previous Meeting (Pages 9 - 16)

To approve the minutes from the previous meeting.

3 Declarations of Interest

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

(The other registrable interests of Councillors of Somerset Council, arising from membership of City, Town or Parish Councils and other Local Authorities will automatically be recorded in the minutes: [City, Town & Parish Twin Hatters - Somerset Councillors 2023](#))

4 Public Question Time

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.

We are now live webcasting most of our committee meetings and you are welcome to view and listen to the discussion. The link to each webcast will be available on the meeting webpage, please see details under 'click here to join online meeting'.

5 Annual Approval as Sole Shareholder of Homes in Sedgemoor (Pages 17 - 56)

To consider the report.

6 Somerset Council - Consolidated 2022/23 Outturn Report (Pages 57 - 170)

To consider the report.

7 2023/24 Budget Monitoring Report - Month 3 - End of June 2023 & Month 4 update (Pages 171 - 226)

To consider the report.

8 Quarter 1 - Performance report (Pages 227 - 266)

To consider the report.

9 Executive Forward Plan (Pages 267 - 276)

To note the latest Executive Forward Plan of planned key decisions that have been published on the Council's website.

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Guidance notes for the meeting

Council Public Meetings

The legislation that governs Council meetings requires that committee meetings are held face-to-face. The requirement is for members of the committee and key supporting officers (report authors and statutory officers) to attend in person, along with some provision for any public speakers. Provision will be made wherever possible for those who do not need to attend in person including the public and press who wish to view the meeting to be able to do so virtually.

Inspection of Papers

Any person wishing to inspect minutes, reports, or the background papers for any item on the agenda should contact Democratic Services at democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

They can also be accessed via the council's website on [Committee structure - Modern Council \(somerset.gov.uk\)](#)

Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: [Code of Conduct](#)

Minutes of the Meeting

Details of the issues discussed, and recommendations made at the meeting will be set out in the minutes, which the Committee will be asked to approve as a correct record at its next meeting.

Public Question Time

If you wish to speak or ask a question about any matter on the Committee's agenda please contact Democratic Services by 5pm providing 3 clear working days before the meeting. (for example, for a meeting being held on a Wednesday, the deadline will be 5pm on the Thursday prior to the meeting) Email democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

Members of public wishing to speak or ask a question will need to attend in person or if unable can submit their question or statement in writing for an officer to read out, or alternatively can attend the meeting online.

A 20-minute time slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been agreed. Each speaker will have 3 minutes to address the committee.

You must direct your questions and comments through the Chair. You may not take a direct part in the debate. The Chair will decide when public participation is to finish. If an item on the agenda is contentious, with many people wishing to attend the meeting, a representative should be nominated to present the views of a group.

Meeting Etiquette for participants

Only speak when invited to do so by the Chair.

Mute your microphone when you are not talking.

Switch off video if you are not speaking.

Speak clearly (if you are not using video then please state your name)

If you're referring to a specific page, mention the page number.

There is a facility in Microsoft Teams under the ellipsis button called turn on live captions which provides subtitles on the screen.

Exclusion of Press & Public

If when considering an item on the agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

If there are members of the public and press listening to the open part of the meeting, then the Democratic Services Officer will, at the appropriate time, ask participants to leave the meeting when any exempt or confidential information is about to be discussed.

Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording, and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting.

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Minutes of a Meeting of the Executive held in the Luttrell Room - County Hall, Taunton TA1 4DY, on Wednesday, 2 August 2023 at 10.00 am

Present:

Cllr Bill Revans (Chair)
Cllr Liz Leyshon (Vice-Chair)

Cllr Theo Butt Philip	Cllr Adam Dance
Cllr Tessa Munt	Cllr Dean Ruddle
Cllr Ros Wyke	

In attendance:

Cllr Dixie Darch	Cllr Faye Purbrick
Cllr Lucy Trimnell	Cllr Mark Healey
Cllr Diogo Rodrigues	Cllr Frances Nicholson
Cllr David Fothergill	Cllr Leigh Redman
Cllr Heather Shearer	Cllr Val Keitch
Cllr Tom Deakin	Cllr Fran Smith

Other Members present remotely:

Cllr David Woan	Cllr Martin Lovell
Cllr Nicola Clark	Cllr Oliver Patrick
Cllr Sarah Wakefield	Cllr Tony Lock
Cllr Andy Dingwall	Cllr Mandy Chilcott
Cllr Marcus Kravis	Cllr Tony Grimes
Cllr Sue Osborne	Cllr Mike Stanton

24 Apologies for Absence - Agenda Item 1

Apologies were received from Cllr Mike Rigby and Cllr Federica Smith-Roberts

25 Minutes from the Previous Meeting - Agenda Item 2

The minutes of the Executive meeting held on 10 July 2023 were agreed upon and signed by the Chair.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans,

- Paid tribute to former Somerset County Councillor and South Somerset District Councillor, Derek Yeomans, who sadly passed away over the weekend, and offered his condolences to Derek's family and friends.
- Expressed good wishes and a speedy recovery to Somerset Councillor Andy Kendall.
- Noted that currently there was no formal replacement following Sarah Dyke stepping down from the role of Lead Member for Environment and Climate Change, and that the responsibilities of this role are currently being informally covered by Associate Lead Member for Climate Change & Active Travel, Cllr Dixie Darch.

26 Declarations of Interest - Agenda Item 3

SOMERSET COUNCILLORS WHO ARE ALSO CITY, TOWN AND/OR PARISH COUNCILLORS

Theo Butt Philip -Wells City Council

Adam Dance - South Petherton Parish Council

Mike Rigby - Bishop's Lydeard and Cothelstone Parish Council

Dean Ruddle - Somerton Town Council

Federica Smith-Roberts - Taunton Town Council

Ros Wyke - Westbury-sub-Mendip Parish Council

27 Public Question Time - Agenda Item 4

The Chair noted that there had been no public questions submitted by the published submission deadline.

28 Academisation Finance Policy and Procedure - Agenda Item 5

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Lead Member for Children, Families and Education, Cllr

Tessa Munt, to introduce the report.

The Lead Member for Children, Families and Education, Cllr Tessa Munt, introduced the report, highlighting: that Somerset Council is seeking to move to a more transparent and financially rigorous methodology for planning academisation to increase the level of clarity and consistency of support for schools so that they can feel better and deliver much better outcomes for children and young people; and that the report had been shared with the Department for Education and Diocese of Bath and Wells through the Somerset Education System Leadership Group; the establishing of a pipeline of conversions.

The Executive Director - Children, Families and Education, Claire Winter, further added to the above points, highlighting: the academisation finance policy and procedure in relation to Somerset schools; the Core Offer proposal including rebates and eligibility criteria; the Council's academy charge for schools electing to convert to academy status; surpluses and deficit balances on conversion to academy status following the DfE guidance; and the consultation with schools and stakeholders.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the essential clarity for schools and striving for the best use of money to make improvement in all schools, including academisation cost recovery; retained surpluses and Academy sponsors for Directive Academy Order schools and Multi Academy Trust sponsorship; the shared consultation with schools and trusts; the treatment of surpluses and deficits, including the management of failing schools surpluses; the current Department of Education policy for the resources and financial support regarding Multi Academy Trust; and exceptions when calculating the balance to be retained by the Local Authority following a conversion under a Directive Academy Order.

The Executive preceded to vote on the recommendations, which were agreed unanimously.

The Executive:

- a. Agreed to an amendment to the Core Offer contract.**
- b. Approved the Council's academy charge for schools electing to convert to academy status.**
- c. Approved the proposal to apply Department for Education guidance when dealing with surplus and deficit balances on**

conversion to academy status.

d. Agreed to implement the proposal at (c) in relation to surplus and deficit balances effective from the date of decision (2 August 2023).

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASON FOR DECISION: As set out in the officer report.

29 UPDATE - the Outturn Position across all Legacy Somerset Authorities for 2022/23 - Agenda Item 6

UPDATE - the Outturn Position across all Legacy Somerset Authorities for 2022/23 - Agenda Item 6

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited the Deputy Leader and Lead Member for Resources and Performance, Cllr Liz Leyshon, to introduce the report.

The Deputy Leader and Lead Member for Resources and Performance, Cllr Liz Leyshon, introduced the report, highlighting: the remaining outstanding audits and the continued work on the five predecessor Councils Statement of Accounts to report the overall position of Somerset Council for 2022/23; the challenging national external audit situation, with some Local Authority outstanding audit opinions dating back to 2016/2017/2018; that 48% of all authorities had published their draft accounts for 2022/23; and that the report updates the Executive on the current status as of 21 July 2023, with the final position expected to be reported at the Executive meeting in September 2023. Cllr Leyshon further: thanked Council officers for the considerable work on the Statement of Accounts; highlighted the national position on finances, including the continued rise in inflation and interest rates, the impact for Local Authorities and households of years of very low rates, the ability to build houses across Somerset, the demand on social care continues to grow in complexity; noted the all member briefing CiPFA session to be held 24 August 2023, with the CiPFA CEO, Rob Whiteman; and informed Members of the work on the risk statement which will form part of the budget setting process along with the continued challenge through the first years of Somerset Council.

The Executive Director, Resources and Corporate Services, Jason Vaughan, further added to the above points, highlighting: the importance of all Statement of Accounts

being completed for each authority to give as accurate a picture as possible of the outturn position, and that risk will remain until all the accounts are signed off by the external auditors confirming that there are no corrections required that will impact on capital, revenue, or reserves; outlined the main reasons why the Statement of Accounts did not meet the Government deadline, including that the Statement of Accounts submission was brought forward from 31 July 2023 to 31 May for 2022/23; outlined the current publication position of the five legacy councils; that Nationally there is a significant backlog on the auditing of local government accounts with over 1,000 still outstanding; the final outturn, reserves, capital receipts position and the capital programme to be reported to the September Executive; the current year budget monitoring work including 8 August 2023 Scrutiny Committee – Corporate and Resources consideration, seeking feedback and comments on actions to increase financial control and parameters on the forecasted overspend; the work on a revised timetable to align Scrutiny Committee and Executive dates.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the affect, impact and contribution of the closure of the Audit Commission on the current external auditing issues; the issues that could affect the September publication of Somerset Council outturn position; the background work, preparatory work and extra resources used to complete the Statement of Accounts work; the opportunity for budget monitoring position review by all Scrutiny Committees.

The Executive preceded to vote on the recommendations, which were agreed unanimously.

The Executive noted the current position in reporting the outturn position for the Somerset authorities for the 2022/23 financial year and the timetable for completion outlined in paragraph 20 of the report.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASON FOR DECISION: As set out in the officer report.

30 Staplegrove Housing Infrastructure Fund - Agenda Item 7

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, to introduce the report.

The Lead Member for Economic Development, Planning and Assets, Cllr Ros Wyke, introduced the report, highlighting: that Staplegrove is allocated within the Development Plan for residentially led development of 1500 homes; that in March 2019 the Government confirmed £14.2m of Housing Infrastructure Funding (HIF) to deliver the Staplegrove spine road, primary school and associated infrastructure; that the HIF funding will operate as recoverable grant; the requirement for Somerset Council to enter into a deed of variation to the agreement; that following an intense period of negotiation, Homes England agreed to extend the HIF grant funding availability until 31 March 2024 and has also agreed a refined HIF funded infrastructure package for East and West Staplegrove focussed on expenditure/construction achievable within the funding availability period and reflective of the planning status of each part of the site.

The Taunton Garden Town, Implementation Manager, Jenny Clifford, further added to the above points noting: the refined infrastructure package focus is on what can be delivered before end of March 2024; that the Council is responsible for loaning the HIF funding to the developers, recovering it and recycling it to unlock further housing.

The Leader of the Council and Lead Member for Governance and Communications, Cllr Bill Revans, invited comments from other Members present, questions and points raised included: the welcome Local Member updates from Officers.

The Executive preceded to vote on the recommendations, which were agreed unanimously.

The Executive agreed to:

- a. Enter into a deed of variation to the Staplegrove Housing Infrastructure Fund grant fund agreement;**
- b. Enter into funding agreements with interested parties over the use of the Housing Infrastructure Fund and its recovery;**
- c. Use Housing Infrastructure Funding for Somerset Council to acquire an interest in land on Staplegrove East to safeguard the future delivery of essential infrastructure (including the primary school site and access, highway including spine road and pedestrian/cycle routes and associated infrastructure land) and provide services to the school site;**
- d. Grant delegated authority to the S151 Officer and Service Directors for Economy, Employment and Planning; Infrastructure and Transport and**

Strategic Asset Management to enter into negotiations and agree the detail for the implementation of recommendations a-c in consultation with the Lead Members for Economic Development, Planning and Assets; Transport and Digital; and Children, Families and Education.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report.

REASON FOR DECISION: As set out in the officer report.

31 Executive Forward Plan - Agenda Item 8

The Executive noted the Forward Plan.

(The meeting ended at 11.00 am)

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CHAIR

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Decision Report - Executive Decision

Forward Plan Reference: FP/23/07/06

Decision Date – 6 September 2023

Key Decision – yes



Annual Approval as Sole Shareholder of Homes in Sedgemoor

Executive Member(s): Lead Member for Communities, Housing and Culture

Local Member(s) and Division: All

Lead Officer: Chris Brown – Service Director Housing

christopher.brown@somerset.gov.uk 07875 218707

Author: Dave Baxter – Strategic Housing Manager

Contact Details: david.baxter@somerset.gov.uk 01278 435496

Summary / Background

1. The Council is the sole member (equivalent to the shareholder in a company limited by shares) of Homes in Sedgemoor. Subject to any special provisions in the company's articles or the terms of a shareholder agreement, members of a company have several powers and rights and have ultimate control over a company. As a corporate body the Council needs to approve the Annual Accounts of Homes in Sedgemoor and endorse the appointment of external auditors.
2. The Annual Report and Financial Statements present the financial performance and financial position of Homes in Sedgemoor (HiS) for the year ended 31 March 2023. They also provide a variety of other information on corporate governance and business performance.
3. Please note that the council as shareholder nominate three members to the ALMO Board and this is managed by Full council through the annual appointments report and is not part of this report's recommendations.

Recommendations

4. The Executive agrees
 - a. The approval of the Homes in Sedgemoor annual company accounts as set out below.
 - b. That the appointment of external auditors – Bishop Fleming – is endorsed further to the procurement exercise undertaken by Homes in Sedgemoor.

Reasons for recommendations

5. To enable the Council to meet its obligations as the sole owner and shareholder of the company, Homes in Sedgemoor.
6. External auditors require appointment under a new contract which needs to be in place from September 2023.

Other options considered.

7. A 'do nothing' option would leave Homes in Sedgemoor without an external auditor and approved annual accounts.

Links to Council Plan and Medium-Term Financial Plan

8. Approval of the Homes in Sedgemoor company accounts gives the Council opportunity to scrutinise the performance of the ALMO to ensure that it meets the conditions of the Council Plan and Medium-Term Financial Plan.

Financial and Risk Implications

9. Approval of the Homes in Sedgemoor company accounts gives the Council opportunity to scrutinise the performance of the ALMO to ensure that it meets the conditions of the Council Plan and Medium-Term Financial Plan.
10. The format of the accounts is prescribed in statute. The final accounts have confirmed a strong performance. The management accounts focus on the 'profit and loss' element of the accounts. Headlines are.
 - £13k (£17k reported in May report) surplus recorded against £105k underlying budget deficit set
 - £239k of spend recorded against the £510k allocated by the Board as 'Managed Use of Reserves'
 - £279k spend on 'excess energy costs', which have been recovered through an increased management fee in 23/24.
11. The Statement of Comprehensive Income for 2022/23 has recorded a £7,116k profit across all reserves (excess income over expenditure) for the year.
12. Risk: Not presenting a balanced budget

Likelihood	2	Impact	5	Risk Score	10
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Mitigation: Production of the financial statements, and their independent audit, are key parts of the financial control framework and risk mitigation.

Legal Implications

13. Procurement has been carried out in accordance with the Public Contracts Regulations 2015 and the Council's Contract Standing Orders. External Audit and Homes in Sedgemoor Audit and Risk Committee have advised on the company accounts in general and provided expertise in auditing and signing off the accounts.

HR Implications

14. There are no HR implications with this report.

Other Implications:

Equalities Implications

15. There are no Equality implications with this report.

Community Safety Implications

16. There are no Community Safety implications with this decision.

Climate Change and Sustainability Implications

17. There are no Climate Change and Sustainability implications with this decision.

Health and Safety Implications

18. There are no specific health and safety implications arising from this report.

Health and Wellbeing Implications

19. There are no Health and Wellbeing implications arising from this decision.

Social Value

20. The Financial Statements provide a summary overview of VFM activity during 2022/23. There are no other Social Value implications arising from this decision.

Scrutiny comments / recommendations:

21. The Scrutiny Committee – Communities, considered the recommendations on the 9 August 2023 and were satisfied with the proposals.

Background Papers

22. Homes in Sedgemoor Annual Report and Financial Statements – 2022/23.

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	18/08/23
Communications	Chris Palmer	21/08/23
Finance & Procurement	Nicola Hix	21/08/23
Workforce	Chris Squire	N/A
Asset Management	Oliver Woodhams	18/08/23
Executive Director / Senior Manager	Chris Hall	18/08/23
Strategy & Performance	Alyn Jones	21/08/23
Executive Lead Member	Cllr Federica Smith-Roberts	09/08/23
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson circulated	Cllr Andy Dingwall	29/08/23
Scrutiny Chair	Communities - Cllr Gwil Wren	09/08/23

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

COMPANY INFORMATION

Board Members Lance Duddridge
Janet Keen (resigned 31 March 2023)
Marie Hide
Paul Hackett
Jenny Vernon
Kathryn Pearce
Paul Stephenson
Pauline Ham (appointed 1 April 2023)
Karen Wilce (appointed 31 May 2022, resigned 10 April 2023)

COMPANY SECRETARY Ben Lane

REGISTERED NUMBER 05596060

REGISTERED OFFICE 3rd Floor Bridgwater House
King Square
Bridgwater
Somerset
TA6 3AR

INDEPENDENT AUDITORS Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

BANKERS Barclays Bank Plc
3rd Floor, 3 Bedford Street
Exeter
EX1 1LX

Lloyds Bank plc
10 Canons Way
Harbourside
Bristol
BS1 5LF

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

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**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023**

Reflecting on my last two statements makes me clearly remember, that we have been, as a society, living in a state of immense change and challenge for a very long time. It is now 3 years since we were in the first Covid lockdown with the commensurate impact on people, families, communities and businesses. This feeling of perpetual flux is a major factor in why so many businesses have needed to comprehensively reflect on their purpose and effectiveness. At Homes in Sedgemoor (HiS), we are rapidly approaching the end of our current Corporate Strategy which covered those 3 very challenging years. Our new Corporate Strategy will be launched in the Summer of 2023 after consultation with customers, colleagues and partners.

This last year has seen great structure change in our key partnership as we moved towards the creation of Somerset Council and away from the very effective relationship with Sedgemoor District Council (SDC). I need to recognise that relationship and the commitment of so many colleagues at SDC over many years towards our joint aims on behalf of Sedgemoor customers and communities. Since the decision to create a single Somerset Council, we have been working with outgoing and incoming colleagues to ensure as smooth a transition for customers as possible. The task has taken great determination and commitment from colleagues and customer representatives in HiS, sharing their expertise, knowledge and experience. We will be supporting Somerset Council as they manage the single combined Housing Revenue Account (HRA) which resulted from the merging of two HRAs managed by former retained housing service councils. A new 30 year HRA Business Plan was developed and approved. It will continue to be reviewed and updated in the context of the challenging economic climate we now operate within.

During the year, we first trialled then confirmed the transfer of the new housing development service from SDC. This has proved to be a highly successful transfer and enabled a clearly joined up asset management approach to cover both existing and new homes. We welcome the Development Team as now being a part of HiS.

It has been a challenging year to many of our customers because of the many factors such as the cost-of-living crisis and understandable choices and impact for quality of life. As always, the safety of our customers and their homes is of paramount importance as a spotlight is shone on the performance of many landlords and their performance in issues such as damp, mould and condensation following the tragic death of a young boy in Rochdale. We continued to regularly monitor compliance throughout the business, at Board and with SDC to build and improve on our processes and provide assurance.

Board has completed a comprehensive governance review, including our individual and collective skills, how we consider our Risk Appetite and how our core services are performing.

We have had two Board members leave at the end of the year. Janet Keen and Karen Wilce have provided great input and commitment to HiS as a Council representative and Customer representative respectively. We thank them both for their service and wish them well for the future. A recruitment campaign has started which will hopefully see two new members joining us shortly, as well as a Co-optee for our Audit and Risk Committee. Towards the year end, we were delighted to appoint Sarah O'Neill as Chair of Sedgemoor Tenants Assurance Committee (STAC). Sarah was appointed following an external recruitment and brings a wealth of skills and experience to help continue to drive forward our tenant assurance processes and influencing opportunities.

We look forward to developing the new relationship and opportunities with Somerset Council as our key partner in many different ways on behalf of our customers. A final thank you, as ever must go to the wonderful and dedicated colleagues in HiS who continue to seek to improve our ways of working and performance.

Name Paul Stephenson
Chair

Date:

BUSINESS REVIEW

Finance Overview

The finalisation of the accounts has confirmed the strong final performance reported to the Board in May through the 'pre-audit' final management accounts paper. The management accounts focus on the 'profit and loss' element of the accounts. Headlines are:

- £13k (£17k reported in report to Board in May) surplus recorded against the £105k underlying budget deficit set.
- £239k of spend recorded against the £510k allocated by the Board as 'Managed Use of Reserves'.
- £279k spend on 'excess energy costs', which will be recovered through an increased management fee in 23/24.

These amounts account for the £505k 'loss' shown against the Profit and Loss Reserve in Note 14 in the accounts.

With specific reference to the financial statements, HiS has reported a loss on ordinary activities before taxation of £2,504,000 (2021/22 loss: £1,617,000). The Company's turnover was £15,508,000 (2021/22: £18,452,000) funded primarily by a management and capital fee.

The trading position for Homes in Sedgemoor, at the end of the 2022/23 financial year, shows an operating loss of £2,360,000 (2021/22 operating loss: £1,448,000).

Notional pension charges in excess of contributions made were lower in 2022/23 due to the decrease in actuarial valuation of the pension scheme liabilities at 31 March 2023.

Service charge adjustments of £1,868,000 (2021/22: £782,000) in excess of employer pension contributions and £206,000 (2021/22: £173,000) of notional interest charges have been posted at the year end. Prior to these adjustments an operating loss of £430,000 was recorded (2021/22: £662,000 loss).

The £430,000 operating loss is broken into three parts, i) an operating deficit of £266,000, ii) 'Managed Use of Reserves' approved by the Board to the value of £239,000 and iii) £75,000 of income received from Sedgemoor District Council for excess garage income collected by them.

Operating Deficit- £266,000

A £105k underlying deficit budget was set by the Board. In addition to this a £227k 'excess energy cost' budget was set resulting in a £332k operational deficit budget for the year. The £227k was set aside for the anticipated rise in energy costs during the year following contract renewals that took place in November 2021. Funding to recover this excess cost will be received from the Council in 2023/24, covered by the additional service charge income they will collect.

A £13k surplus was recorded at the year-end against the 'underlying deficit budget', creating a £118k favourable variance. The underlying deficit budget set of £105k was in line with the commitment in the Corporate Strategy. It reflects the Board's agreement to utilise part of the balance within the Profit and Loss Reserve to invest in areas of the organisation that support compliance work across the 4,000 properties that Homes in Sedgemoor manages on the behalf of the Council. This additional resource was deployed to strengthen all areas of compliance, building on the progress made in 2021/22, and ensuring that the Board's commitment, as defined in the Corporate Strategy, to provide 'Good Quality, Safe Homes' is delivered. Since June 2021, the status of the monthly compliance report has been independently assessed as 'Green' and has remained at this level throughout 2022/23. A balanced budget for 2023/24 has been set, again in line with the Corporate Strategy commitment.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

The £13k surplus resulted from favourable variances recorded against Staff budgets (£82k), Repairs and Maintenance budgets (£132k) and Corporate budgets (£30k) combined with an overcollection against Income budgets (£169k). These favourable variances were offset by overspends against the Service Level Agreement budgets (£75k – *services received from the council*), and Housing Management Budgets (£215k – *energy costs (£48k) bad debt provision for rechargeable repair debts (£70k) and pest control costs (£81k)*).

Excess energy costs were recorded as £279k, £52k greater than the £227k budget set.

Managed Use of Reserves - £239,000

£239,000 was allocated from Reserves in 2022/23 to support non-recurring specific projects and initiatives. Allocations were made in accordance with the Reserves Policy. These allocations are referred to as 'Managed Use of Reserves'. Spend of £239,000 was incurred against £511,000 allocated, creating a £271,000 favourable variance. Projects included the investment in IT, creation of a Winter Warmth Fund and support towards a STRIVE project which created opportunities for members of the local community to receive support to get business ideas off the ground.

Garage Income - £75,000

In financial year 2018/19 Homes in Sedgemoor (HiS) undertook a programme of works to refurbish dilapidated block garages that it was managing on behalf of Sedgemoor District Council (SDC) with the intention to improve the marketability of the garages and drive an improved rental income stream for SDC. The cost of the works was £901,045 and was initially borne by HiS as a distinct "negative" reserve on the Balance Sheet. An agreement was struck whereby, if HiS could demonstrate that income from garage rent increased beyond an agreed baseline of £307,300, the excess would be paid over to Homes in Sedgemoor on an annual basis. For 2022/23 the excess was calculated as £75,000 (2021/22: £115,000).

Performance Overview

The company delivered good performance across several key areas of service delivery during 2022/23. It is a company priority to deliver the best possible outcomes which have a significant positive impact on our stakeholders. The table below shows the progress made against several Key Performance Indicators (KPIs) between both years.

	2022/23	2022/23	2021/22
Performance indicator	Target	Actual	Actual
Average time taken to let a property	24 days	51 days	34 days
Rent collected as a proportion of rent owed	99%	98.20%	99.50%
Rent arrears for current tenants	2.50%	0.91%	0.94%
Void rent loss	1%	1.39%	0.94%
Properties with a valid gas certificate	100%	99.67%	99.96%
Responsive repairs delivered in timescale	95%	96.70%	95.20%

Company performance is measured using a number of key performance indicators (KPIs). Where available performance is benchmarked and reported both internally and to Sedgemoor District Council. Performance reports were uploaded to the website regularly showing performance against target for 49 KPIs.

The suite of KPIs reported during 2022/23 are aligned to Homes in Sedgemoor's (HiS) Corporate Strategy identified under the three Core Pillars to achieve its strategic objectives over a three year period (2020 - 2023): i) Great Services to our customers, ii) Good Quality Safe Homes, iii) Build a Stronger Business.

The Management Agreement in place between HiS and SDC contained 27 Key Performance Indicators for 2022/23. At the year-end 11 KPIs were classified red, 6 amber and 10 green.

We continued to participate in a monthly benchmarking exercise during the year conducted by Housemark. In the main HiS' performance compares favourably against our peers in the sector.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

The section below provides a brief overview of the performance highlights in 2022/23.

Survey of Tenants and Residents (STAR)

Included in the Performance Report are 8 STAR KPIs. Performance against 7 of these KPIs has improved year on year with performance maintained on the 8th KPI.

When compared to target we have ended the year with 4 STAR KPIs reported as 'red'. The target for 3 of these KPIs ('overall customer satisfaction', 'quality of home', 'neighbourhood as a place to live') were set at an aspirational 90% so, although we have achieved above 80% for these, they are being reported as red. 3 STAR KPIs were reported as 'amber' ('safe & secure', 'service charge value for money' & 'repairs service'), and were within the range of 0.8% - 1.8% below target. The STAR KPI, 'rent provides value for money', has achieved the target of 89% and was reported as 'green'.

For the headline KPI – 'overall customer satisfaction', we have ended the year with 81% from 1,204 customer satisfaction (perception) surveys completed. This is just 0.3% below the upper quartile performance reported across the sector through the Housemark Pulse Monitoring.

From April 2022, we moved from quarterly to monthly STAR surveys so that issues identified could be addressed sooner.

It should be noted that with a perception survey such as STAR which is "a survey aimed at measuring all residents' views, impressions and opinions about their landlord and the services it delivers", there can be a multitude of factors affecting a customer's survey score and it might not be straightforward to distinguish the link between any improvements in services and the subsequent scores.

Rent income management and voids

The rent collection rate at end of the year was 98.2% compared to target of 99% resulting in this KPI indicated as amber.

As at end of 22/23 rent year, current tenant rent arrears was £167k which is 0.91% of the total annual rent due and is reported as green when compared to target of 2.5%.

The Average re-let time for all relets (254) in the period April 22 to March 23 was 50.7 days compared to a target of 24 days with this KPI reported as red. Several properties were held as 'policy voids' meaning that they were not re-let as either significant work was needed to bring them up to standard or the outcome of an options appraisal was awaited.

The satisfaction of new customers with the lettings process has ended the year at 98.6% and is indicated in green when compared to the target of 98%.

Neighbourhood management

There was a total of 77 ASB cases in 2022/23; The Number of new ASB cases per 1000 properties managed by HiS ended the year at 19.55 compared to target of 25 and hence is indicated in green.

Responsive Repairs

The two KPIs, '*responsive repairs delivered within timescales*' and '*percentage of responsive repairs completed at first visit*', report on the performance of our main Repairs & Maintenance contractors and performance at the end of March for both measures were just above the respective targets of 95% and 90%. Both indicators were report as 'green'.

'*Customer satisfaction with the responsive repairs service*' (transactional) achieved performance at 93% compared to a target of 90% resulting in this KPI improving from red at the end of March 2022 to 'green' at the end of March 2023.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

Planned works delivery and customer satisfaction

Of the total capital budget allocated for the year, 84% was spent as at the end of March 2023. A carry forward request for unspent budget has been submitted.

'Planned works - Tenant satisfaction with overall quality of work', stood at 96%, a significant increase on the 86% report in the previous year.

Employee - Sickness and turnaround

Percentage staff turnover ended the year at 13% compared to 19% at the end of the last year (there were 11 leavers in 2022/23 compared to 15 last year). This is currently reported as data only with no target. An optimum number for an organisation of our size would need to be established to ensure positive impact.

Housemark Pulse Benchmarking

During 2022/23 we participated in the monthly Housemark Pulse benchmarking exercise, that focused on 15 KPIs reflecting current priorities for the sector. HiS recorded top quartile performance against 7 of the 15 KPIs as outlined below;

Overall satisfaction & complaints:

- Formal complaints received (per 1,000 units) [HiS: 2.29; Top quartile threshold: 2.42]
- Percentage of complaints resolved within timescales [HiS: 100%; Top quartile threshold: 100%]

Income management - arrears:

- True current tenant arrears [HiS: 0.91%; Top quartile threshold: 2.09%]

Repairs service:

- Percentage of non-emergency repairs completed within target [HiS: 95.2%; Top quartile threshold: 91.4%]

Lettings service:

- Proportion of social homes let [HiS: 0.84%; Top quartile threshold: 0.70%] (There were 33 homes let in March 2023, the highest achieved in a month in 22/23)

Other:

- Working days lost due to sickness absence [HiS: 2.28%; Top quartile threshold: 3.18%]
- New ASB cases (per 1,000 properties) [HiS: 0.51; Top quartile threshold: 1.64]

We continue to review our performance, monitoring government guidelines and adopting new ways of working, to seek improved performance across the company.

Value for Money (VFM)

The Board and Executive Team at HiS are committed to the delivery of Value For Money for its customers and the Council.

The Corporate Strategy includes the following commitment, to deliver "relatively good performance at low cost" across all areas of service delivery.

The company pro-actively participates in several benchmarking exercises to ensure that it is able to measure its value for money progress against peers across the sector.

HiS has participated in Housemark's 'annual cost and performance comparison exercise' for several years. Housemark is the leading data and insight company for the UK housing sector.

The 2020/21 exercise identified four of the eight measures as falling into the "relatively good performance at low cost". This decreased to three of eight measures in 2021/22.

The output from the annual exercise helps to drive decision making within the organisation. It helps to support the budget setting process and facilitates the internal review of the efficiency and effectiveness of service delivery.

A VFM annual report is produced for the Board. Some of the highlights from the latest annual performance summary are given below:

- £17k surplus delivered in a climate of significant inflation and cost pressures.
- Overall average customer satisfaction at 81%.
- £136k worth of savings delivered.
- Repairs and maintenance re-tender delivered a contract sum far lower than anticipated, whilst improving service standards
- 'Good performance' across 7 of 8 areas reviewed as part of the Annual Housemark Benchmarking and Cost Exercise.
- Launch of 'Project Matrix' which has maximised business efficiencies whilst preserving excellent performance and providing greater support for customers.

The financial challenges faced by Homes In Sedgemoor in 2023/24 and beyond will require the organisation to focus it's attention on all areas that are considered 'high cost' to ensure that any services that remain 'high cost' do so because of conscious decisions to invest in certain areas of activity.

The Executive Team remain committed to delivering 'Relatively good performance at Low Cost" across all areas of the organisation.

PRINCIPAL RISKS AND UNCERTAINTIES

Major risks and uncertainties

The company maintains a risk register that is owned by the Board and managed by the Audit and Risk Committee (ARC) with day-to-day support from the Executive Team (ET). The key high inherent risk areas in the company Risk Register at 31 March 2023 included:

- Impact of Decarbonisation Agenda
- Local government reorganisation in Somerset
- Inability to maintain service standards due to changing and challenging operating environment
- Stability of I.C.T. solutions resulting in inability of staff to provide an effective and efficient service
- Financial pressures on SDC that could threaten our management fee and funding to deliver the capital programme
- Failure to comply with Property and workplace Health & Safety legislation and regulation

Control measures are in place within the Risk Register to mitigate the impact and/or likelihood of each specific risk. Each of the above risks has been subjected to a deep dive by the ET and the ARC and Board as necessary. We have worked with our internal auditors to strengthen our approach to risk management and embedded this across the organisation.

FINANCIAL KEY PERFORMANCE INDICATORS

The following statements summarise how Homes in Sedgemoor manages aspects of financial risk:

Price risk - Prices of goods and services purchased over minimum thresholds are subject to contracts with suppliers, based on current market prices. Exposure is limited by regular review of contracts and suppliers.

Credit risk - The majority of debtors at year end relate to amounts owed by Sedgemoor District Council, Homes in Sedgemoor's ultimate parent company. Credit risk on these balances is considered to be low. Recoverability of other debts is considered in line with the company's accounting policies.

Liquidity risk - Homes in Sedgemoor has no long-term borrowings and has a stable level of cash which it invests as appropriate in short term deposits. £2.3m is held within the Profit & Loss Reserve at the 31st March 2023. This is £0.8m greater than the £1.5m minimum reserve level set by the Board.

Interest rate and cash flow risk - Homes in Sedgemoor invests surplus funds in line with the Treasury Management Policy. These deposits earn interest at a variable/fixed rate. Interest of £66k (2021/22 - £4k) has been received in the year on these funds.

This report was approved by the board and signed on its behalf.

Paul Stephenson
Chair

Date:

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

The directors present their report and the financial statements for the year ended 31 March 2023.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

PRINCIPAL ACTIVITY

Board Members and Executive Officers

The Board Members of the company, who served during the year, and up to the date of signing, are set out on page 3.

The Board Members are drawn from a wide background bringing together professional, commercial and local experience. The Board composition is up to three tenants, three nominees from Sedgemoor District Council and three independent members.

Executive Officers

Peter Hatch Chief Executive (in post all year)

Board Members' Interests

Neither the Board Members nor the Executive Officers have any financial interests in the company.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Future developments

The Board expects that the company will continue to provide services in line with the management agreement for the foreseeable future.

Employees

As a service organisation, the strength of the company lies in the quality and commitment of its employees. The company's ability to meet its objectives and commitments to customers in an efficient and effective manner depends upon the contribution of colleagues throughout the company.

The company communicates its corporate objectives and commitments through colleague briefings, newsletters, team meetings, one to one meetings and performance reviews.

The company is committed to encouraging equal opportunities for all its employees. The company has adopted and complies with the Equality and Human Rights Commission and the Equality Standard for Local Government.

We have achieved Investors in People Gold status. This prestigious award means we are considered to have the highest standards of people management and development that support our business goals.

Achieving Gold is recognition of the commitment and passion of all our colleagues and testament to the fact that everyone is fully engaged in our vision.

Governance

Governance Arrangements

The Board derives its power to manage Homes in Sedgemoor from the Articles of Association. The powers of the Board are exercised on behalf of Sedgemoor District Council as sole company member.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

The Board signed up to the National Housing Federation (NHF) Code of Governance ('The Code') at its May 2021 meeting. Annual self-assessments are performed against the requirements contained within the code to ensure compliance. An initial self-assessment was conducted which resulted in an action plan. Progress against the action plan was presented to the Board in May 2022 and May 2023. Overall compliance against the code is thought to be 'green' with work still to be done not thought to be critical in the context of the four overall core principles of the code, namely 'Missions and Values', 'Strategy and Delivery', 'Board Effectiveness', and 'Control and Assurance'.

The Board

The Board's main role is to direct the company's work - that is to determine the strategic direction of Homes in Sedgemoor. Day to day management is delegated to the Chief Executive and other senior officers of Homes in Sedgemoor.

The Board met formally seven times during the year. It held two Away Days and three Spotlight Sessions.

The Audit and Risk Committee

The Audit and Risk Committee considers the appointment of the internal and external auditors, the scope of their work and their reports. It also reports to the Board on the effectiveness of the company's internal financial control arrangements and oversees the risk management of the company. It met four times during the year.

Going Concern

The Directors believe that preparing the Financial Statements on a going concern basis is appropriate. Up until 31st March 2023 Sedgemoor District Council was the ultimate parent company of Homes In Sedgemoor. From the 1st April 2023 the ownership transferred over to the new Somerset Council. A local government reorganisation took place in Somerset with a single unitary authority replacing the County Council and four District Councils. Somerset Council have confirmed their continued financial support until at least 2025.

A Management Agreement is in place between Homes In Sedgemoor and the Council. It was reviewed and refreshed by both parties during 2020/21. It was approved by Homes In Sedgemoor's Board on 30th March 2021 and signed by both parties in December 2021. This Agreement expires on 31st March 2051 unless it is terminated on 31 March 2031 or 31 March 2041 by the Council giving Homes in Sedgemoor at least twelve months prior written notice of any review which could lead to termination and at least six months prior written notice of termination.

The future model of delivery for housing services in Somerset will be determined by Somerset Council. Confirmation has been received from Somerset Council that no review will commence in 2023/24. The experience of other local authorities, who have undertaken such an exercise, indicates that a two-year timeframe from the commencement of such a review to the implementation of the findings from that review can be considered as a minimum

No indication of the preferred delivery model has been received as at the date of signing these financial statements. It is recognised that the housing options review may impact on the ongoing delivery of the 'entity' of Homes In Sedgemoor but this decision has not yet been made and all activities and relevant financial matters will novate to a successor organisation meaning that the assumption of going concern remains relevant and appropriate.

After making enquiries the Board has reasonable expectation that the company has adequate resources to continue in operational existence. The expectation is based upon management's forecasts for the company's performance up until March 2024. For this reason, it continues to adopt the going concern basis in the financial statements.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Statement on Internal Control

The Board and Executive Team acknowledges its overall responsibility for ensuring that the company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the company or for publication.
- The maintenance of proper accounting records.
- The safeguarding of assets of the company against unauthorised use or disposal.

The systems of internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control includes the following key elements:

- Formal policies and procedures are in place, including the delegation of authorities, which allows the monitoring of controls, maintaining proper accounts and restricting the use of assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Internal Auditors undertake regular reviews on the effectiveness of internal controls.
- An internal audit plan is in place to review, appraise and report upon the adequacy of internal controls. Any actions necessary to correct any weaknesses identified by internal and external audits are monitored to ensure that they are implemented. The Executive Team monitor these at every meeting following review by the Senior Leadership Team. The Board receives recommendations from the Audit and Risk Committee together with an annual review of the Committee performance.
- A risk register is in place which is managed and reviewed by the Executive Team and monitored by the Audit and Risk Committee and Board.
- Forecasts and budgets are prepared to monitor key financial objectives. Regular management accounts are prepared promptly, providing relevant, reliable and up to date information, with significant variances being investigated as appropriate. Budget holders and the Executive Team monitor these regularly during the year.
- All significant major commitments and new initiatives are subject to formal authorisation through the Executive Team and Board in accordance with the Articles of Association, Financial Regulations, Contract Standing Orders and Scheme of Delegation.
- The Board receives an annual report from External Audit and issues raised are considered and dealt with.
- A full range of insurance, including Fidelity Guarantee, has been put in place to safeguard assets.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors,, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023**

This report was approved by the board and signed on its behalf.

Paul Stephenson
Chair

Date:

3rd Floor Bridgwater House
King Square
Bridgwater
Somerset
TA6 3AR

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED

OPINION

We have audited the financial statements of Homes in Sedgemoor Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED
(CONTINUED)**

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED
(CONTINUED)**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial performance of the entity;
- We have considered the results of enquiries with management in relation to their own identification and assessment of the risk of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut off and pension assumptions used in valuing the year end pension deficit. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the company operates in focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation. In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or avoid a material penalty, including landlord health and safety laws and regulations covering fire risks, gas safety, water hygiene, electrical safety and asbestos.

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations or areas of non-compliance with laws and regulations;
- Performing detailed testing in relation to the recognition of revenue, with a particular focus around year-end cut off;
- Performing a benchmarking summary of the assumptions used by the actuary and comparing to local government pension schemes across various counties and across different actuaries; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

**HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMES IN SEDGEMOOR LIMITED
(CONTINUED)**

We also communicated identified laws and regulations and potential fraud risks to all members of the engagement team and remained alert to possible indicators of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Nathan Coughlin FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date:

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	2022 £000
Turnover	4	15,508	18,452
Operating expenditure		(17,698)	(19,900)
GROSS LOSS		(2,190)	(1,448)
Administrative expenses		(170)	-
OPERATING LOSS	5	(2,360)	(1,448)
Interest receivable and similar income	8	66	4
Interest payable and expenses	9	(206)	(173)
LOSS BEFORE TAX		(2,500)	(1,617)
Tax on loss	10	(4)	-
LOSS FOR THE FINANCIAL YEAR		(2,504)	(1,617)
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Pension surplus not recognised		(163)	-
Actuarial gain/(loss) relating to pension scheme		9,783	1,989
OTHER COMPREHENSIVE INCOME FOR THE YEAR		9,620	1,989
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,116	372

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

The notes on pages 21 to 32 form part of these financial statements.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:05596060

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	2,334	2,055
Cash at bank and in hand	12	3,267	3,533
		<u>5,601</u>	<u>5,588</u>
Creditors: amounts falling due within one year	13	(3,306)	(2,863)
NET CURRENT ASSETS		2,295	2,725
TOTAL ASSETS LESS CURRENT LIABILITIES		2,295	2,725
Pension liability		-	(7,546)
NET ASSETS/(LIABILITIES)		2,295	(4,821)
CAPITAL AND RESERVES			
Pension reserve		-	(7,546)
Profit and loss account		2,295	2,725
		<u>2,295</u>	<u>(4,821)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Paul Stephenson

Chair

Date:

The notes on pages 21 to 32 form part of these financial statements.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Pension reserve	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2022	(7,546)	2,725	(4,821)
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(2,504)	(2,504)
Actuarial losses on pension scheme	-	(163)	(163)
Actuarial gains in the pension scheme	9,783	-	9,783
Transfer between reserves	(2,237)	2,237	-
AT 31 MARCH 2023	-	2,295	2,295

The notes on pages 21 to 32 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Pension reserve	Profit and loss account	Total equity
	£000	£000	£000
At 1 April 2021	(8,580)	3,387	(5,193)
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(1,617)	(1,617)
Actuarial gains in the pension scheme	1,989	-	1,989
Transfer between reserves	(955)	955	-
AT 31 MARCH 2022	(7,546)	2,725	(4,821)

The notes on pages 21 to 32 form part of these financial statements.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£000	£000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the financial year	(2,504)	(1,617)
ADJUSTMENTS FOR:		
Interest received	(66)	(4)
Taxation charge	4	-
(Increase)/decrease in debtors	(254)	787
(Increase)/decrease in amounts owed by groups	(24)	-
Increase/(decrease) in creditors	446	(1,450)
(Decrease)/increase in amounts owed to groups	(8)	-
Increase in net pension assets/liabilities	2,074	955
NET CASH GENERATED FROM OPERATING ACTIVITIES	(332)	(1,329)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	66	4
NET CASH FROM INVESTING ACTIVITIES	66	4
(DECREASE) IN CASH AND CASH EQUIVALENTS	(266)	(1,325)
Cash and cash equivalents at beginning of year	3,533	4,858
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	3,267	3,533
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	3,267	3,533
	3,267	3,533

The notes on pages 21 to 32 form part of these financial statements.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. LEGAL STATUS

Homes in Sedgemoor is a private company limited by guarantee with no share capital.

2. ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The Directors believe that preparing the Financial Statements on a going concern basis is appropriate due to the continued financial support of the ultimate parent. The Directors have confirmation that Somerset Council intends to support the company until 31st March 2025 and following enquiries, has reasonable expectation that it will continue to provide housing services on the behalf of Somerset Council for the foreseeable future pending an options review.

2.3 TURNOVER

Turnover excludes Value Added Tax (VAT) and represents in the main the invoice value (received and receivable) of goods and services provided during the financial year covered by these Financial Statements. Turnover is recognised when services have been completed. All turnover arises in the United Kingdom.

2.4 DEBTORS AND CREDITORS

The Statement of Comprehensive Income and Statement of Financial Position of the company are maintained on an accruals basis. This means that sums due to or from the company during the year are included, whether or not the cash has been received or paid in the year.

2.5 GRANTS

Grants are credited to the profit and loss account in the same period as the related expenditure.

2.6 PROVISIONS FOR LIABILITIES

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

2. ACCOUNTING POLICIES (continued)

2.7 RETIREMENT BENEFITS- LOCAL GOVERNMENT PENSION SCHEME

The company participates in the Local Government Pension Scheme which is a defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension schemes expected to arise from employee service in the period is charged to operating surplus. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in operating costs. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

2.8 TAXATION

The company has a mutual trading status with Sedgemoor District Council. Corporation tax is not payable on the profits arising from trading with Sedgemoor District Council. Corporation tax is payable on the bank interest received and other income.

2.9 DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements the directors deem there to be no significant judgment in applying accounting policies or key sources of estimation uncertainty in relation to the following:

Pension asset

The net pension asset of £163,000 has not been recognised on the grounds that it is not directly recoverable as a refund or reduction in contributions. The three year valuation driving the contributions uses different methodology and assumptions.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2023	2022
	£000	£000
Housing management and support services	8,803	8,130
Maintenance services for Sedgemoor District Council	6,228	10,017
Other income	477	305
	15,508	18,452

All turnover arose within the United Kingdom.

5. OPERATING EXPENDITURE

The operating expenditure is stated after charging:

	2023	2022
	£000	£000
Repairs and maintenance	9,418	13,300
Staff costs	5,320	4,059
Service level agreement charges by the council	1,283	1,287
Housing management	1,530	1,192
Computer software licences	78	49
Fees paid to our auditors - Audit fees	17	13
- Tax services	-	-
	17,646	19,900

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2023	2022
	£000	£000
Wages and salaries	2,699	2,585
Social security costs	279	239
Pension costs	2,342	1,235
	5,320	4,059

The average monthly number of employees, including the directors, during the year was as follows:

	2023	2022
	No.	No.
Executive	1	1
Housing management services	40	36
Property services	18	18
Corporate services	23	23
	82	78

7. DIRECTORS' REMUNERATION

Five board members received remuneration of £6,750 (2022: Nil) from the company for acting as Board members during the year. Expenses paid to board members during the year were £824 (2022: £2,194). The aggregate amount of emoluments (excluding pension contributions) paid to or receivable by the executive officers during the year was £120,238 (2022: £109,251).

	2023	2022
	£000	£000
Directors' emoluments	7	-
	7	-

One executive officer is accruing benefits under the defined benefit pension scheme.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. INTEREST RECEIVABLE

	2023	2022
	£000	£000
Other interest receivable	66	4
	<u>66</u>	<u>4</u>
	<u><u>66</u></u>	<u><u>4</u></u>

9. INTEREST PAYABLE AND EXPENSES

	2023	2022
	£000	£000
Interest income on pension scheme assets	373	228
Net interest on net defined benefit liability	(572)	(395)
Pension administration charges	(7)	(6)
	<u>(206)</u>	<u>(173)</u>
	<u><u>(206)</u></u>	<u><u>(173)</u></u>

10. TAXATION

	2023	2022
	£000	£000
CORPORATION TAX		
Current tax on profits for the year	4	-
	<u>4</u>	<u>-</u>
	<u><u>4</u></u>	<u><u>-</u></u>
TOTAL CURRENT TAX		
	<u><u>4</u></u>	<u><u>-</u></u>
DEFERRED TAX		
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
TOTAL DEFERRED TAX		
	<u><u>-</u></u>	<u><u>-</u></u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
	<u><u>4</u></u>	<u><u>-</u></u>

Homes in Sedgemoor has £14,000 (2021: £14,000) of unprovided deferred tax assets relating to losses carried forward. Homes in Sedgemoor has decided not to recognise this because it has minimal foreseeable taxable surpluses in the future.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023	2022
	£000	£000
Loss on ordinary activities before tax	(2,500)	(1,617)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(475)	(307)
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,368	3,794
Adjustments to tax charge in respect of prior periods	-	(5)
Other timing differences leading to an increase (decrease) in taxation	(4)	7
Non-taxable income	(2,885)	(3,489)
TOTAL TAX CHARGE FOR THE YEAR	4	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

11. DEBTORS

	2023	2022
	£000	£000
Trade debtors	669	449
Amounts owed by group undertakings	1,544	1,519
Prepayments and accrued income	121	87
	2,334	2,055

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. CASH AND CASH EQUIVALENTS

	2023	2022
	£000	£000
Cash at bank and in hand	3,267	3,533
	<u>3,267</u>	<u>3,533</u>
	<u>3,267</u>	<u>3,533</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£000	£000
Trade creditors	852	699
Amounts owed to group undertakings	84	91
Corporation tax	4	-
Other taxation and social security	198	154
Accruals and deferred income	2,168	1,919
	<u>3,306</u>	<u>2,863</u>
	<u>3,306</u>	<u>2,863</u>

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 MARCH 2023

	Profit & Loss Reserve £000	Garage Reserve £000	Pension Deficit £000	Total Reserves 2023 £000	Total Reserves 2022 £000
At beginning of year	3,273	(548)	(7,546)	(4,821)	(5,193)
Retained surplus/(loss) for the year	(2,579)	75	-	(2,504)	(1,617)
Transfer of pension element	2,237	-	(2,237)	-	-
Pension surplus not recognised	(163)	-	-	(163)	-
Actuarial profit/(loss) recognised in pension scheme	-	-	9,783	9,783	1,989
At end of year	2,768	(473)	-	2,295	(4,821)

Garage Reserve

In financial year 2018-19 Homes in Sedgemoor (HiS) undertook a programme of works to refurbish dilapidated block garages that it was managing on behalf of Sedgemoor District Council (SDC) with the intention to improve the marketability of the garages and drive an improved rental income stream to SDC. The cost of the works was £901,045 and was initially borne by Homes in Sedgemoor as a distinct "negative" reserve on the Statement of Financial Position. An agreement was struck whereby, if HiS could demonstrate that income from garage rent increased beyond a target set by SDC, the excess would be paid over to HiS on an annual basis until the cost of the works was reimbursed fully. The balance on the garage reserve at the end of 2022-23 was £472,581 - a total reduction of £428,464 through this mechanism.

15. RELATED PARTY TRANSACTIONS

Amounts which are due and outstanding to Sedgemoor District Council are set out in Note 11 (Debtors) and Note 13 (Creditors).

Homes in Sedgemoor Limited is a local authority controlled company of Sedgemoor District Council limited by guarantee. The financial statements of Sedgemoor District Council are publicly available on the Council's website (www.Sedgemoor.gov.uk). The Council has delegated responsibility for overseeing the management and maintenance of its residential and commercial stock by Homes in Sedgemoor Limited in accordance with the 30 year management agreement effective from 1 April 2021. The Council pays the company a management fee in accordance with that management agreement and any variations are subsequently approved. In 2022/23 the management fee and maintenance work amounted to £15,031,000 (2022: £18,147,000).

Sedgemoor District Council charged Homes in Sedgemoor Limited £1,424,000 (2022: £1,425,000) for the provision of support services which included charges for finance, customer services, post and scanning, information technology, accommodation, payroll, grounds maintenance, valuation, cleaners and a number of other minor services.

Tenant Board Members

Some members of the Board are resident in properties maintained by Homes in Sedgemoor Limited and owned by the parent undertaking, Sedgemoor District Council. These residents have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefits as other tenants.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. PENSION COMMITMENTS

The Company operates a Defined Benefit Pension Scheme.

Contributions

The employers' contributions to the Local Government Pension Scheme for the year to 31 March 2023 were £474,000 (2022: £435,000).

The agreed employers' contribution rate is 17.8% (2022: 17.8%) of pensionable earnings. The employees' contribution rate is tiered starting at 5.5% for employees below £14,600 and raising to 12.5% for employees earning over £164,200.

A net £1.2m increase in the liability has been recognised as part of the retender of the maintenance services and acceptance of the share of the pension liability relating to the staff previously TUPEd out to the maintenance contractor.

Reconciliation of present value of plan liabilities:

	2023	2022
	£000	£000
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	20,105	19,845
Current service cost	1,182	1,217
Interest cost	572	395
Liabilities assumed / (extinguished) on settlements	5,499	-
Employee contributions	163	143
Estimated benefits paid plus unfunded net of transfers in	47	(296)
Experience loss/(gain) on defined benefit obligation	3,906	42
Change in financial assumptions	(12,285)	(1,241)
Change in demographic assumptions	(1,912)	-
AT THE END OF THE YEAR	17,277	20,105

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. PENSION COMMITMENTS (CONTINUED)

Reconciliation of present value of plan assets:

	2023	2022
	£000	£000
At the beginning of the year	12,559	11,265
Interest income	373	228
Other actuarial gains/(losses)	110	-
Actuarial gains/losses	(618)	790
Employee contributions	163	143
Estimated benefits paid plus unfunded net of transfers in	47	(296)
Contributions by employer including unfunded benefits	491	435
Settlement prices received / (paid)	4,322	-
Administration expenses	(7)	(6)
Derecognition of surplus	(163)	-
AT THE END OF THE YEAR	17,277	12,559

Composition of plan assets:

	2023	2022
	£000	£000
Equity	13,008	9,054
Gilts	624	669
Other bonds	1,812	1,251
Property	1,399	1,012
Cash	597	573
TOTAL PLAN ASSETS	17,440	12,559

There is no provision for utilising the assets of a fund under the Local Government Pension Scheme. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis. The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the year (i.e. as at 1 April 2022 for the year to 31 March 2023). The return on gilts and other bonds is assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

	2023	2022
	£000	£000
Fair value of plan assets	17,277	12,559
Present value of plan liabilities	(17,277)	(20,105)
NET PENSION SCHEME LIABILITY	-	(7,546)

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. PENSION COMMITMENTS (CONTINUED)

The amounts recognised in profit or loss are as follows:

	2023	2022
	£000	£000
Current service cost	(2,359)	(1,217)
Interest on obligation	(572)	(395)
Interest income on plan assets	373	228
Administration charges	(7)	(6)
TOTAL	(2,565)	(1,390)

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2023	2022
	%	%
Discount rate	4.8	2.60
Future salary increases	3.85	4.20
Future pension increases	2.85	3.20
Proportion of employees opting for early retirement	2.85	3.20
Inflation assumption	2.85	3.20
Mortality rates		
- for a male aged 65 now	21.4	23.1
- at 65 for a male aged 45 now	22.7	24.4
- for a female aged 65 now	23.2	24.7
- at 65 for a female member aged 45 now	24.7	26.1

17. POST BALANCE SHEET EVENTS

Due to a Government reorganisation exercise, Sedgemoor District Council ceased to exist from 1st April 2023 as Somerset's five councils have been replaced by a single unitary authority, Somerset Council.

HOMES IN SEDGEMOOR LIMITED
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

18. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking and controlling party as at the 31st March 2023 is Sedgemoor District Council. The company is wholly owned by the council.

The consolidated financial statements including the results of Homes in Sedgemoor are available from:

Sedgemoor District Council
Bridgwater House
King Square
Bridgwater
Somerset
TA6 3AR

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Decision Report - Executive



Decision Date – September 2023

Forward Plan Ref - FP/23/05/07

Key Decision – Yes

Somerset Council – Consolidated 2022/23 Outturn Report

Executive Member(s): Cllr Liz Leyshon Deputy Leader of the Council and Lead Member on Resources and Performance

Local Member(s) and Division: All

Lead Officer: Jason Vaughan, Executive Director - Resources & Corporate Services

Author: Donna Parham, Head of Corporate Finance

Contact Details: donna.parham@somerset.gov.uk

Executive Summary

1. All of the five authorities Statement of Accounts have now been published. This report outlines the overall impact of the outturn position for each legacy Council in Somerset. It outlines the opening position of reserves, capital receipts, and slippage on the capital programme which requires a revised capital programme to be approved for 2023/24. The position of each Somerset Authority is outlined in the appendices attached as follows:

Appendix 1 – Somerset County Council Outturn Report 2022/23

Appendix 1a – Outturn Reserves Position for Somerset County Council 2022/23

Appendix 1b – Capital Programme Outturn for Somerset County Council 2022/23

Appendix 2 – Mendip District Council Outturn Report 2022/23

Appendix 2a – Outturn Reserves Position for Mendip District Council 2022/23

Appendix 2b – Capital Programme Outturn for Mendip District Council 2022/23

Appendix 3 – Sedgemoor District Council Outturn Report 2022/23

Appendix 3a – HRA Outturn Report 2022/23

Appendix 3b – Outturn Reserves Position for Sedgemoor District Council 2022/23

Appendix 3c – Capital Programme Outturn for Sedgemoor District Council 2022/23

Appendix 4 – Somerset West and Taunton District Council Outturn Report 2022/23

Appendix 4a – HRA Outturn Report 2022/23

Appendix 4b – Outturn Reserves Position for Somerset West and Taunton 2022/23

Appendix 4c – Capital Programme Outturn for Somerset West and Taunton 2022/23

Appendix 5 – South Somerset District Council Outturn Report 2022/23

Appendix 5a – Outturn Reserves Position for South Somerset District Council 2022/23

Appendix 5b – Capital Programme Outturn for South Somerset District Council 2022/23

Appendix 6 – Consolidated Reserve Position Somerset Council for April 2023/24

Appendix 7 – Consolidated Capital Programme for Somerset Council April 2023/24

Appendix 7a – Consolidated Capital Programme for Somerset Council HRA 2023/24

2. Then overall outturn for 2022/23 across all 5 councils is an overspend of £18.7m and means that there is General Fund Reserves of £26.8m and Earmarked Reserves of £104.9m after allowing for the transfer from Earmarked Reserves to General Fund Reserves and the planned use of reserves agreed in the 2023/24 budget plus other commitments that will require financing. A revised general fund capital programme and a revised HRA capital programme will require full Council approval to incorporate the slippage from legacy authorities £99.5m and £90.4m respectively.

Recommendations

3. That the Executive:
 - a. Note the final overall overspend for Somerset of £18.7m funded from reserves (section 5).
 - b. Agree the requested carry forwards of £0.5m (section 6 - Table 2)
 - c. Note the opening position of £26.8m General Fund Reserves as at the 1st April 2023 (Table 3).

- d. Approve that £23m of Earmarked reserves are transferred in General Fund Reserves to ensure they are maintained at the appropriate level and to receive a report detailing the amalgamated earmarked reserves position at the October Executive meeting.
- e. Note the opening position of £156.8m of Somerset Council earmarked reserves as set out in **Table 4** and the current commitments against those reserves
- f. Agree the additions and amendments to the Capital Programme in the last quarter (**section 8**).
- g. Note the completed capital projects (**section 8 - Table 7**)
- h. Note the position on capital receipts and commitments (**section 8 – Table 8**)
- i. Note the outturn positions of Sedgemoor District Councils Housing Revenue Account (an underspend of £0.446m) at **Appendix 3a** and Somerset West and Taunton **Appendix 4a** (an overspend of £0.227m).
- j. Approve the capital carry forwards of £4.6m relating to Sedgemoor District Councils HRA.
- k. Approve the reduction of £8.8m for capital schemes no longer required within the previous Somerset West and Taunton HRA

That the Executive recommends to Council

- l. To note the year end position of the legacy Councils' General Fund Capital Programmes and approve the carry forward requests of £99.5m and revised Capital Programme attached at **Appendix 7**.
- m. To note the year end position of the legacy Councils' HRA Capital Programmes and approve the carry forward requests of £90.4m and revised Capital Programme attached at **Appendix 7a**.

Reason for Recommendations

- 4. To finalise the Council's financial position for the year ended 31st March 2023 and ensure that the level of General Reserves is maintained at the appropriate level.

Links to Council Plan and Medium-Term Financial Plan

- 5. The 2022/23 outturn reports show the overall financial performance across the 5 councils and the starting point for Somerset Council.

Financial and Risk Implications

6. The financial implications area set out in the report. The risk-based assessment of General Reserves approved in setting the 2023/24 budget was that they should be maintained between £30m to £50m and given the risks and unknowns, it was recommended that they be maintained at the higher end of range.

Legal Implications

7. There are no legal implications to this recommendation being accepted.

HR Implications

8. There are no direct HR implications resulting from this report.

Other Implications:

Equalities Implications

9. There are no implications.

Community Safety Implications

10. There are no implications.

Climate Change and Sustainability Implications

11. There are no implications.

Health and Safety Implications

12. There are no implications.

Health and Wellbeing Implications

13. There are no implications.

Social Value Implications

14. There are no implications.

Scrutiny comments / recommendations:

15. This report will be considered by the Corporate & Resources Scrutiny Committee at its meeting on 7 September. The outturn position for each council forms part of the Statement of Accounts for 2022/23 which the Audit Committee will receive alongside the external auditor's report on them.

Background

16. Somerset Council approved its' first budget and capital programme for 2023/24 in February 2023. The five legacy Councils final budget year was 2022/23. This report pulls together that final position of the five legacy councils (each outturn position is included in the appendices to this report. The final position of those Councils' impacts on the reserves, capital receipts, and capital programme for Somerset Council.

General Fund Revenue Budget - Final Outturn Position

17. Table 1 shows the final 2022/23 outturn position against the current budget for all Somerset authorities.

Table 1 – Final Outturn Position of all Somerset Councils

	2022/23 Budget £'m	Outturn £'m	Under/ (Overspend) £'m
Somerset County Council	383.7	407.1	(23.4)
Mendip District Council	19.1	18.3	0.8
Sedgemoor District Council	9.0	6.6	2.4
Somerset West and Taunton Council	17.0	16.2	0.8
South Somerset District Council	19.8	19.1	0.7
Somerset Outturn Position	448.6	467.3	(18.7)

18. Of the overall deficit of £18.7m, £21.1m has been financed through General Fund Reserves, whilst £2.4m of the underspend has meant that less earmarked reserves were utilised for one authority.

Carry Forward Requests

19. The final outturn position of £467.4m includes carry forwards (£0.5m). If the carry forwards are not approved the overspend would reduce to £18.3m. The requests are as follows:

Table 2 Carry forward Requests

Directorate/ Director	Service	Value Requested £m	Summary
Children's Services/ Claire Winter	Early Help	0.388	Funding for the Data Accelerator Programme was allocated to Somerset during 2022/23. The programme is a collaboration between five local authorities and the Police, with the funds held by Somerset as the lead partner. This grant will be used to support greater partnership information sharing, improving data maturity and the use of analytical products.
	Commissioning	0.065	Funding was received from Government to support homelessness in Children and Young People aged 16+. This will be spent during 2023/24 to fund an intensive support worker and drug & alcohol worker in the Pathways to Independence Youth Homelessness service.
	Commissioning	0.026	Funding received from the Department for Education which will be used to upscale a study relating to foster carers.
Total Requested Carry Forwards		0.479	

General Fund Reserves

20. General Fund Reserves are not for a specific purpose and are retained to meet the financial risks and unforeseen events that the Council may face. The table below shows the inherited General Fund Reserve position as at the 31st of March 2023 for each authority. The overall total of £26.8m is the opening reserves position for Somerset Council.

Table 3: General Fund Reserves Position 2022/23

	Opening Reserve Position 1st April 2022 £'m	Transfers During the Year £'m	Closing Position 31st March 2023 £'m
Somerset County Council	(27.1)	23.4	(3.7)
Mendip District Council	(2.4)	(0.9)	(3.3)
Sedgemoor District Council	(1.5)	0.0	(1.5)
Somerset West & Taunton Council	(7.6)	(3.9)	(11.5)
South Somerset District Council	(6.6)	(0.2)	(6.8)
Somerset Council Total	(45.2)	18.4	(26.8)

21. The Financial Strategy approved in July identified 17 key areas of activity, one of which was to review the reserves from across the five councils, amalgamate them and ensure sufficient General Fund Reserves are set aside. The risk-based assessment of reserves approved by council in February, identified that General Fund Reserves should be in the range £30m to £50m. Therefore, there needs to be transfers from earmarked reserves to bring the General Fund Reserves up to the appropriate level and given the current in year position and level of financial risks it is recommended that £23m is transferred, which to bring them up £49.8m. The second part of review of reserves will be undertaken shortly and will review and amalgamate the Earmarked Reserves and a result in a report to the October Executive on the proposals.
22. It must be noted that if the current estimated overspend in 2023/24 is not mitigated this would bring General Fund Reserves back down to £21.2m (based on forecast outturn at month 3), well under the £30m-£50m required.
23. Each Somerset Council also held Earmarked Reserves for both specific purposes and to mitigate against future know or predicted liabilities and resilience. The overall level of reserves is shown below:

Table 4 – Earmarked Reserves

	Opening Reserve Position 1st April 2022 £'m	Transfers During the Year £'m	Closing Position 31st March 2023 £'m
Somerset County Council	(93.4)	10.9	(82.5)
Mendip District Council	(15.2)	6.5	(8.7)
Sedgemoor District Council	(27.0)	2.8	(24.2)
Somerset West & Taunton Council	(27.9)	12.2	(15.7)
South Somerset District Council	(31.6)	5.9	(25.7)
Somerset Council Total	(195.1)	38.3	(156.8)
Reserves Held for Other Bodies	(86.3)	(44.9)	(131.2)
Total Earmarked Reserves	(281.4)	(6.6)	(288.0)

24. It has to be noted that the earmarked reserves will need to be reprovisioned as the following commitments and requirements need to be met:

Table 5 – Requirements and Commitments from Earmarked Reserves

	£'m
B/f position of Earmarked Reserves (Somerset Council)	(156.8)
Recommended Transfer into Revenue Reserves	23.0
Reserve use agreed in the February 2023/24 budget	19.9
Tba possible commitment to finance Adult Services Transformation Project	7.0
Reserve use expected for 2024/25 in the MTFP	2.0
Remaining Earmarked Reserves	(104.9)

25. The reserves position of each of the legacy authorities is attached in the appendices and the overall summary is included in Appendix 6.

Capital Outturn Position

26. The Capital Programme for Somerset Council was approved in February 2023 and was based on the estimated year end position of each Council as at Quarter 2. This meant that all 2023/24 and beyond was consolidated into the new programme along with newly approved bids. It assumed that the remaining 2022/23 programmes would be fully spent by the year-end, but we would consolidate the programme within the 2023/24 year with slippage from the five legacy Councils. The summary table below shows the slippage and the approved programme. Executive Members are requested to recommend the revised Capital Programme attached at Appendix 7 to Council. Carry forwards of £99.5m are included within the revised programme.

Table 6 – Summary of the Revised Capital Programme including Carry Forwards

Directorate	2022/23 Carry Forward Adjustment	Forecasted Expenditure				
		2023/24	2024/25	2025/26	2026/27 >	Total
	£m	£m	£m	£m	£m	£m
Adults & Health	(0.7)	2.2	0.3	0.3		2.2
Children's Services	12.4	36.2	19.3	6.1	2.4	76.4
Climate & Place	31.6	170.9	15.8	2.0		220.4
Community Services	0.3	31.0	12.8	2.4		46.5
Resources & Corporate Services	14.0	18.0	3.3	0.8		36.1
Strategy, Workforce, & Localities		0.2	0.1	0.1		0.5
Paused Schemes	1.7		7.7	0.1		9.5
Accountable Bodies	40.2					40.2
Total	99.5	258.7	59.4	11.8	2.4	431.8

Please note that the slippage would have been funded by the legacy Councils as part of their 2022/23 budget setting and those budgets were amalgamated for Somerset Council.

Changes to the Capital Programme Approvals in Quarter Four

27. **Recommendation (2f)** is for members to approve the addition of funding to the capital programme approvals since quarter three that either the County Council or the District Councils had not approved:

- £2.792m of revenue (reserve) funding for Somerset Rivers Authority.
- £2.205m of Levelling Up grant funding towards Bridgwater Transport Improvement schemes.
- £1.617m of Department for Education grant funding towards School's Energy Efficiency projects.
- £0.708m of leasing funding towards the Building Schools for the Future Lifecycle costs.
- £0.650m of S106 contribution funding for J23 Dunball Junction Improvements.
- £0.619m of S106 contribution funding towards the new King Ina Primary School, Somerton.

- £0.586m of revenue (reserve) funding for the Bridgwater VMS projects.
- £0.500m of revenue funding for the Taunton Digital Innovation Centre.
- £0.248m of revenue (reserve) funding towards Highway Structural Maintenance schemes.
- £0.210m of contribution funding towards the Sherford Cycle Route.
- £0.201m of grant funding for Economic Development's Inward Investment project.
- £0.130m of grant funding towards J23 Dunball Junction Improvements.
- £0.100m of revenue funding towards School projects.
- £0.072m of revenue (reserve) funding for Bridges & Structures.
- £0.048m of revenue funding towards Cannington Traffic Calming scheme.
- £0.046m of contribution funding towards the Housing Technology programme.
- £0.034m of revenue funding towards Traffic Signals Recovery Programme.
- £0.021m of revenue funding towards Library Service Public Access Printing project.
- £0.020m of S106 contribution funding towards Chelston Roundabout Capacity Study.
- £0.014m of revenue funding for Public Rights of Way projects.

28. Several virements (budget transfers) have also been processed in the quarter. Virements are the movement of approvals between budget lines. Virements are examined to identify their purpose; they do not require formal ratification by members as they are classed as technical changes. Virements are undertaken to enable the effective management of generic approvals by creating individual projects as detailed proposals are developed and cost estimates become available.

29. All cross service virements relate to the funding of claims made to the Local Enterprise Partnership from SCC projects.

Table 7 – Completed Capital Projects

Authority	Scheme Name	Budget £m	Outturn £m	Committed in Future Years	Over / (Under) Spend £m	Funded By
SWT	Seaward Way	0.045			(0.045)	Borrowing

SWT	Firepool Development	0.410	0.002		(0.408)	Borrowing
SWT	Firepool Master planning	0.179	0.096		(0.083)	Borrowing
SWT	Heritage at Risk	1.207	1.104	0.068	(0.035)	Grant
SWT	Taunton North Equity Loans	0.600			(0.600)	Grant
		2.441	1.202	0.068	(1.171)	
MDC	CCTV Replacement	0.005			(0.005)	Borrowing
MDC	Laptops	0.001			(0.001)	Borrowing
		0.006			(0.006)	
SCC	Early Years Condition	2.000	0.020	1.200	(0.780)	Borrowing / Grant
SCC	Community Services (Children)	0.088			(0.088)	Capital Receipts
		2.088	0.020	1.200	(0.868)	

30. The underspends from these projects totalling £0.868m will be removed from the capital programme.

Borrowing for the Capital Programme

31. The capital programme is approved and fully funded. This means that the Council have approved the use of borrowing to ensure that resources are available to enable delivery of the capital programme. The timing of taking borrowing from the external market is part of the Treasury Management activity. The revised programme shows that £127.8m of borrowing is required for the revised programme. It will be imperative to review the programme to reduce the revenue impact of this on Somerset Council.

Capital Receipts

32. Capital receipts are held on the sale of assets. They can be used to reduce debt or finance the capital programme. In addition to this the Government has allowed local authorities to utilise these to fund once off costs for programmes that produce ongoing savings. The overall capital receipts summary for Somerset is as follows:

Table 8 – Useable Capital Receipts as at the 31st of March 2023

	Closing Position 31st March 2023 £'m
Somerset County Council	(10.1)
Mendip District Council	0.0
Sedgemoor District Council	(0.1)
Somerset West & Taunton Council	(3.7)
South Somerset District Council	(5.7)
Somerset Council Total	(19.6)

Current commitments for capital receipts are as follows:

Commitments	£'m
Flexible Capital Receipts – Remaining LGR costs	13.3
Commitments in the Capital Programme	8.8
Receipts received 2023/24	(2.3)
Expected receipts 2023/24	(2.7)
Remaining Capital Receipts	(2.5)

Note – Expected Receipts for 2023/24 is currently under review.

A report will need to be taken forward to the Executive and then Council to amend the Flexible Capital Receipts Strategy if any transformation projects are to be financed through capital receipts.

Housing revenue Accounts

33. Two of the District Authorities held Housing Revenue Accounts in 2022/23 – Sedgemoor District Council and Somerset West and Taunton District Council. These have now been amalgamated into one HRA for Somerset Council in 2023/24. The revised capital programme of £122.6m for Somerset HRA is attached at Appendix 7a. It is recommended that Members of the Executive recommend approval of the revised HRA Capital Budget to Council.

Sedgemoor District Council - HRA

34. The outturn position is shown at Appendix 3a for Sedgemoor District Council. The year-end position was an underspend of £0.4m. The Sedgemoor HRA outturn requests capital carry forwards of £4.6m, however these will not impact on revenue balances. Of this £2.7m is for delays on housing stock development due to contractor and supply chain issues; £0.3m for the HiS net zero carbon works and fire safety and cladding works which are hoped to complete in 2023/24; a further £1.2m for essential works carried out by His for outbuildings, balconies and Westfield House and £0.4m for estate sewerage works at Crickham delayed because of contract complexities and the tender process.

Somerset West and Taunton - HRA

35. The outturn position is shown at Appendix 4a and shows a £0.2m overspend position at the end of the financial year. There are proposed reductions to the Capital Programme Budget of £8.814m for underspends on schemes where budget is no longer required.

Background Papers

36. 2022/23 Budget reports from each of councils approved in February 2022 and the draft 2022/23 statement of accounts for each for council.

Appendices

Appendix 1 – Somerset County Council Outturn Report 2022/23

Appendix 1a – Outturn Reserves Position for Somerset County Council 2022/23

Appendix 1b – Capital Programme Outturn for Somerset County Council 2022/23

Appendix 2 – Mendip District Council Outturn Report 2022/23

Appendix 2a – Outturn Reserves Position for Mendip District Council 2022/23

Appendix 2b – Capital Programme Outturn for Mendip District Council 2022/23

Appendix 3 – Sedgemoor District Council Outturn Report 2022/23

Appendix 3a – HRA Outturn Report 2022/23

Appendix 3b – Outturn Reserves Position for Sedgemoor District Council 2022/23

Appendix 3c – Capital Programme Outturn for Sedgemoor District Council 2022/23

Appendix 4 – Somerset West and Taunton District Council Outturn Report 2022/23

Appendix 4a – HRA Outturn Report 2022/23

Appendix 4b – Outturn Reserves Position for Somerset West and Taunton 2022/23

Appendix 4c – Capital Programme Outturn for Somerset West and Taunton 2022/23

Appendix 5 – South Somerset District Council Outturn Report 2022/23

Appendix 5a – Outturn Reserves Position for South Somerset District Council 2022/23

Appendix 5b – Capital Programme Outturn for South Somerset District Council 2022/23

Appendix 6 – Consolidated Reserve Position Somerset Council for April 2023/24

Appendix 7 – Consolidated Capital Programme for Somerset Council April 2023/24

Appendix 7a – Consolidated HRA Capital Programme for Somerset Council 2023/24

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark/Jill Byron/Steven Hellard	24/08/2023
Communications	Chris Palmer	23/08/2023
Finance & Procurement	Nicola Hix	23/08/2023
Workforce	Chris Squire	n/a
Asset Management	Oliver Woodhams	24/08/2023
Executive Director / Senior Manager	Jason Vaughan	23/08/2023
Strategy & Performance	Alyn Jones	23/08/2023
Executive Lead Member		
Consulted:	Councillor Name	

Local Division Members		
Opposition Spokesperson	Cllr Mandy Chilcott	25/08/2023
Scrutiny Chair	Cllr Bob Filmer	25/08/2023

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Reserve	Balance as		
	at 01/04/2022	Use of Reserves	Balance as at 31/03/2023
	£m	£m	£m
Social Care Transformation	3.4	-1.4	2.0
Social Care Volatility Reserves	5.4	-0.6	4.8
Invest to Save	0.0	0.0	0.0
Improving Lives Programme	0.0	0.1	0.1
Corporate Priorities	5.0	-0.1	4.9
Workforce Reserve	0.9	0.0	0.9
Funding Volatility	7.0	-0.1	6.9
Budget Equalisation Reserve	9.2	-6.8	2.4
Capital Fund	3.7	-3.7	0.0
Local Government Reorganisation	0.0	10.7	10.7
Business Support System (ERP)	10.9	-7.0	3.9
Trading Accounts	1.3	1.7	3.0
Climate Emergency	0.6	-0.2	0.4
West Somerset Opportunity Area	0.6	-0.6	0.0
Public Health	4.0	0.8	4.8
Prevention Fund	0.4	-0.1	0.3
Held for Infrastructure Developments	2.6	0.5	3.1
Economic Development	0.6	0.1	0.7
Economic Recovery	5.6	-1.2	4.4
Ash die back	1.0	-0.4	0.6
Property Repairs & Maintenance	0.3	0.0	0.3
BSF Bridgwater - Equalisation Reserve	8.7	0.6	9.3
Short Life Asset Fund	0.8	0.0	0.8
Insurance	9.0	-0.7	8.3
Collection Fund Compensation	4.3	-3.8	0.5
Covid-19 Funding	0.0	0.0	0.0
Elections	0.0	0.1	0.1
Other Children's Services	2.8	-0.7	2.1
Other ECI	4.7	1.9	6.6
Other CDW	0.6	-0.5	0.1
Service Carry Forwards	0.0	0.5	0.5
Total SCC	93.4	-10.9	82.5
Reserves Held on Behalf of Others			
Somerset Rivers Authority	8.0	-2.9	5.1
Local Enterprise Partnership	2.6	1.5	4.1
Connecting Devon and Somerset	0.2	0.3	0.5
Somerset Waste Partnership	0.0	0.0	0.0
Somerset and South West Mutual Scheme	0.1	0.1	0.2
Somerset Association of Primary Headteachers	0.0	0.0	0.0
S256 Funding	48.0	49.7	97.7

Business Rates Retention - County Wide	1.9	-1.0	0.9
Local Enterprise Partnership - Governance	0.1	0.0	0.1
School's Carry Forward	25.4	-2.8	22.6
Total Held on Behalf of Others	86.3	44.9	131.2

Somerset County Council

Appendix 1b

Scheme	Current Year Budget			Overall Scheme Budget		
	2022/23 Budget	Actual Outturn for 2022/23	Year End Variance	Total Scheme Budget	Predicted Total Expenditure	Estimated Scheme Variance
	£m	£m	£m	£m	£m	£m
Adult Services, Learning Disabilities and Public Health						
Adult Social Care		0.1	0.1	2.1	2.0	(0.1)
Learning Disabilities	0.3	0.2	(0.1)	0.4	0.4	
Children and Young People						
Childrens Residential	3.3	3.6	0.3	6.0	6.0	
Special Education Needs	0.2	0.4	0.2	4.8	4.7	(0.1)
Schools Access Initiative	0.6	0.7	0.1	1.3	1.3	
Community Services	0.1	0.1		0.2	0.1	(0.1)
Early Years	0.9	0.2	(0.7)	2.0	1.2	(0.8)
Schools Services	30.1	21.3	(8.8)	66.6	66.5	(0.1)
Corporate and Support Services						
Corporate ICT Investment	2.8	2.0	(0.8)	3.2	3.1	(0.1)
Economic and Community Infrastructure - Economic Development						
Business Growth Fund	1.7		(1.7)	3.5	3.5	
iAero Centre		0.3	0.3	0.3	0.4	0.1
Taunton Digital Innovation Centre	5.7	6.3	0.6	8.2	8.2	
Bruton Enterprise Centre	(1.2)		1.2	(1.2)	(1.2)	
Chard Grow On Spaces	2.5	3.4	0.9	2.5	2.5	
Other Schemes	(0.1)		0.1	0.5		(0.5)
Economic and Community Infrastructure - Highways						
Bridge Structures	3.6	2.1	(1.5)	6.7	6.7	
Road Structures	28.8	23.7	(5.1)	31.4	31.2	(0.2)
Traffic Control	5.4	5.0	(0.4)	6.6	6.6	
Traffic Management	0.7	0.3	(0.4)	0.3	0.3	
Active Travel	0.4	0.2	(0.2)	1.5	1.5	
Integrated Transport	3.2	3.3	0.1	6.1	6.3	0.2
Small Improvement Schemes	3.5	2.1	(1.4)	3.5	3.7	0.2
Highway Lighting	0.6	0.7	0.1	0.6	0.8	0.2
Rights of Way	1.4	0.9	(0.5)	1.4	1.4	
Economic and Community Infrastructure - Highway Major Projects						
M5 Junction 25 Improvements	2.3	0.5	(1.8)	2.4	1.4	(1.0)
Toneway Corridor Capacity Improvements	5.3	3.0	(2.3)	5.3	5.3	
Trenchard Way Residual Works	0.8	0.6	(0.2)	0.8	0.8	
Major Road Network	1.7	0.1	(1.6)	2.1	2.1	
A38 Chelston Link	5.7	0.6	(5.1)	5.7	5.7	
Various Other Schemes	0.2	0.6	0.4	2.2	2.3	0.1
Economic and Community Infrastructure - Property						
Property Services	12.6	5.8	(6.8)	18.2	18.2	
Economic and Community Infrastructure - Other Services						
Countryside and Canals	0.0	0.0	0.0	0.0	0.0	
Fleet Management	3.8	0.4	(3.4)	4.0	4.0	
Bus Service Improvement Programme				8.2	8.2	
Heritage Services	0.1		(0.1)	0.1	0.1	
Library Services	0.5	0.2	(0.3)	0.9	0.9	
Somerset Waste Partnership	2.5	1.0	(1.5)	1.3	1.3	
Total SCC Capital Programme	130.0	89.7	(40.3)	209.7	207.5	(2.2)
SCC Accountable Body Status						
Broadband Project (CDS)	6.0	12.3	6.3	25.6	25.6	
HoTSW Local Enterprise Partnership	37.8	6.4	(31.4)	32.4	32.4	
Somerset Rivers Authority	0.3	2.8	2.5	3.1	3.1	
SCC Accountable Body Status Total	44.1	21.5	(22.6)	61.1	61.1	
Total Capital Programme	174.1	111.2	(62.9)	270.8	268.6	(2.2)

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Mendip District Council – 2022/23 Outturn Report

APPENDIX 2

1. Executive Summary

This report is the final report for the financial year 2022/23 and outlines the outturn position for revenue (including overall delivery on savings, transformation, and additional income plans), capital, and reserves.

a. Revenue Budget

After accounting for all service expenditure and contingencies the final outturn position is £18.3m against a net budget of £19.1m. This gives a £0.8m underspend which represents a favourable variance of 4.25%. Overall, there has been a £0.7m favourable movement since the Q3 position.

Table 1 provides a summary of budget, projections, and variances on a service-by-service basis with further detail and mitigations that were taken by the responsible director outlined in the body of the report.

The significant variances excluding support service recharges which net to zero were:

Neighbourhood Services – The main variance is due to the shortfall in car parking income of around £0.4m

Planning -Projected shortfall in planning fees of around £475k. This is due to the continuing Phosphates issues a slowdown of business activity due to economic uncertainty.

Strategic Leadership Team – The main factor for the positive variance is a result of the budget for pay award being held centrally in this service.

These pressures are Offset by:

Savings from staff vacancies (e.g., Procurement where we are now working closely with the County Council)

Additional interest receipts of £280k due to increased interest rates

Additional grant receipts for New Burdens imposed upon us by Government and Covid income.

In the Non service area– the positive variance is due to an additional £456 k for renewables and better collection rates for NDR, of which Mendip's share is £280k.

b. Contingencies

At the start of the year a £0.1m budget was approved. Allocations of £35k have been made in 2022/23 leaving £65k. This has been included within the overall year end position.

c. Capital Programme

Due in part to the Council dissolving and becoming part of the new Unitary from April 2023 the capital programme was relatively modest in 2022-23.

The year-end position of the Council's capital programme saw expenditure of £4m against an overall budget of £6.5m, giving an in-year variance of £2.5m. The principal variances are: Glastonbury town fund -Business Cases were completed and approved through the Local Assurance process by September 2022 and this enabled Government to confirm a £23.6 Million of Towns Fund grant. The focus has moved to pre-construction activities including engaging build teams and securing permissions, consents and match funding. It is anticipated that at least two projects will be start on-site in 2023-24underspend £3.3m offset by pressure of multi user paths £0.9m. This pressure was funded by grants and Capital Budget and Ear Marked reserves.

Neighbourhood services overspend - £242k On street Residential Chargepoints Scheme, but offset by funding of grant income in non-area and £141k Increased cost of wheeled bins (budget £70k, actual £211k)

Offset by savings:

£108k car park improvements/ticket machines/closed churchyards.

Note Annual budgets are set for Bins (unless these are treated as stock in the future) Car Parks work, Closed Churchyards.

4. Background

Full Council approved the revenue budget of £16.6m for 2022/23 in February 2022. Budget monitoring is delegated to Executive and Scrutiny and budget monitoring reports have been presented regularly with a full overview of revenue and capital quarterly. This report outlines the final year-end position of services against the 2022/23 budget of £19.1m (the current budget includes carry forwards and reserve movements) as at the end of March 2023.

Revenue Budget

5. Final Outturn Position

Table 1 shows the final revenue outturn position against the current budget.

PERIOD	13	MARCH 2023 YEAR END			
Services	Original Budget	Current Budget	Actual Pd 13 Year to Date	Period 12 Forecast (Year End)	Outturn Variance
	£000's	£000's	£000's	£000's	£000's
Corporate	717	1,166	1,288	966	122
Law & Governance	1,137	1,145	1,171	1,133	27
Neighbourhood	4,732	4,801	5,221	4,883	420



Community Health	1,750	1,860	1,873	1,858	13
Planning & Growth	2,656	2,954	3,403	3,041	449
Housing	2,026	1,913	1,925	1,943	12
5 Council Contract	2,578	2,947	2,796	2,792	(151)
Strategic Leadership Team	1,009	2,102	1,490	954	(613)
Enterprise	3	10	(29)	(30)	(39)
Shape Housing Limited	0	250	203	0	(47)
Cost Of Group Services	16,608	19,148	19,341	17,540	193
Non-Service Costs	(16,608)	(19,148)	(20,156)	(17,592)	(1,008)
Contributions (to)/from General Reserves	0	0	(815)	(52)	(815)

6. Carry Forward Requests

MDC	X337	Disabled Facilities Grants £156k
MDC	X340	Private Sector Grants £10k
MDC	X647	Glastonbury Town Deal £3.286m
MDC	X811	Fermentation Building Bristol - Works pre-letting £85k

Total **£3.537M**

Diff to underspend re planning £2,356 is £876 Multiuser paths and £54k minor purchases funded by Grant/underspend and EMR's and not by budget.

7. Impact on General Fund Reserves

General Fund Revenue Opening Balance £000's	£2,414
Surplus	£ 815
Closing Balance	£3,229

There are no revenue carry forwards

8. Reserves Outturn Position

The Council holds reserves in two forms:

- The General Fund to mitigate against unforeseen spends or major unexpected events.
- Earmarked Reserves held for specific purposes and to mitigate against future know or predicted liabilities and resilience.

There is no formal guidance that sets appropriate levels of reserves although general practice is to set General Fund Reserves at a minimum of 5% of the net budget. This would be approximately £0.955m. However, a more refined assessment was made taking into account sensitivity analysis and risks to the budget that set a range for General Fund Reserves of £1.5m

If Members approve the contribution approved legacy General Fund Reserves to be carried forward to Somerset Council will be £3.230m for 2023/24. A summary of the overall position has been outlined in the overview report. The position of all Earmarked Reserves is outlined in Appendix 2a and the balance 31March 2023 is £8.7m.

9. Capital Outturn Position

The year-end position of the Council's capital programme saw expenditure of £4m against an overall budget of £6.5m, giving an in-year variance of £2.5m. Somerset Council set the capital programme in February 2023 based on quarter 2 predictions.

PERIOD	13			
Services	Original Budget	Current Budget	Actual Pd 13 Year to Date	Outturn Variance
	£000's	£000's	£000's	£000's
Corporate Services				
Capital - Strategic Asset Management	100	100	156	56
	100	100	156	56
Neighbourhood Services				
Capital - Operational Assets & Contracts	178	178	463	285
	178	178	463	285
Planning & Growth Services				
Capital – Planning				
Glastonbury Towns Deal	4,844	4,844	1,558	(3,286)
Multi user pathways	0	0	876	876
Minor Purchases and S106	0	0	54	54
	4,844	4,844	2,488	(2,356)
Housing Services				
Capital – Private Sector Housing	1,008	1,008	851	(157)
	1,008	1,008	851	(157)
Enterprise				
Capital – Transformation	0	0	47	47
	0	0	47	47
5 Council Contract				
Capital – 5Council Contract	215	215	0	(215)

	215	215	0	(215)
Strategic Leadership Team				
Capital - Corporate Finance	175	175	0	(175)
	175	175	0	(175)
Cost Of Group Services	6,520	6,520	4,004	(2,516)

A number of projects totalling £3,537m will now need to be added to the Somerset Programme as they were not completed by the end of the 2022/23 financial year or require reprofiling. The funding for these projects were included within the overall expected financing for 2022/23 and therefore have been factored into overall funding including borrowing requirements.

The revised Somerset Programme is included within the covering report.

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	Balance at 31 March 2022	Transfer In 2022/23	Transfer Out 2022/23	Balance at 31 March 2023
	£'000	£'000	£'000	£'000
Budget Smoothing	3,979	0	(131)	3,848
Collection Fund Reserve	4,447	0	(2,881)	1,566
Maintenance for Investment Properties	886	0	(85)	801
Planning Policy	323	0	(10)	313
5 Councils Contract Smoothing	591	0	(591)	0
Saxonvale	484	0	(210)	274
LGR Transition	1,088	0	(840)	248
Flexible Homelessness Support Grant	221	0	(60)	161
Carry forward balances for 2022/23 Projects	199	0	(47)	152
Joint Working with Parish Councils	175	0	(36)	139
Homeless Reduction Act	203	0	(68)	135
District Elections	52	76	0	128
Cleaner/Greener Mendip	569	0	(442)	127
Special Expenses Rate (SER)	126	0	0	126
COVID-19	188	0	(69)	119
Economic Development Technical Analysis	102	0	0	102
Environmental Impact Funding	99	0	0	99
Mendip Rough Sleeper Initiative	184	0	(106)	78
Tenancy Hardship Fund	0	53	0	53
Climate change	42	10	0	52
Total of small reserves less than £50k each	1,246	0	(1,074)	172
Total Earmarked Reserves	15,204	139	(6,650)	8,693

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PERIOD	13			
Services	Original Budget	Current Budget	Actual Pd 13 Year to Date	Outturn Variance
	£000's	£000's	£000's	£000's
Corporate Services				
Capital - Strategic Asset Management	100	100	156	56
	100	100	156	56
Neighbourhood Services				
Capital - Operational Assets & Contracts	178	178	463	285
	178	178	463	285
Planning & Growth Services				
Capital – Planning Glastonbury Towns Deal	4,844	4,844	1,558	(3,286)
Multuser Pathways	0	0	876	876
Minor Purchases and S106	0	0	54	54
	4,844	4,844	2,488	(2,356)
Housing Services				
Capital – Private Sector Housing	1,008	1,008	851	(157)
	1,008	1,008	851	(157)
Enterprise				
Capital - Transformation	0	0	47	47
	0	0	47	47
5 Council Contract				
Capital – 5Council Contract	215	215	0	(215)
	215	215	0	(215)
Strategic Leadership Team				
Capital - Corporate Finance	175	175	0	(175)
	175	175	0	(175)
Cost Of Group Services	6,520	6,520	4,004	(2,516)

Financing of the 2022-23 Capital Expenditure

Funded By	£000's
Capital Receipts	30
Borrowing	416
Grant	3,009
S106 / CIL	54
Reserves	495
Total	4,004

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1. Executive Summary

This report is the final report for the financial year 2022/23 and outlines the outturn position for revenue (including overall delivery on savings, transformation, and additional income plans), capital, and reserves.

a. Revenue Budget

After accounting for all service expenditure and contingencies the final outturn position is £6.6m against a net budget of £9m. This gives a £2.4m underspend which represents a favourable variance.

Table 1 provides a summary of budget, projections, and variances on a service-by-service basis with further detail and mitigations that were taken by the responsible director outlined in the body of the report.

The significant variances were:

- **Housing, Health and Welbeing** has an underspend of £2.3m against their budget (26% of service budget). The deterioration mainly relates an underspend on grants issued £1.6 and increased grant income of £1m.
- **Legal and Governance** Increased pension costs.
- **Net Interest Receivable** Decrease in interest paid of £0.9m and increased investment return £0.4m.

c. Capital Programme

The year-end position of the Council's capital programme saw expenditure of £10.9m against an overall budget of £8.6m, giving an in-year variance of £2.3m. The Capital Programme for Somerset Council was based on the predicted outturn as at quarter 2 for all Somerset Authorities. Appendix 3c outlines the 2022/23 budget with the final expenditure for 2022/23 shown against each project and a request if needed to carry forward some or all of the remaining budget into 2023/24 along with the financing requirement. Detail of the reasons behind the variances can be found within the capital programme section of this report.

2 Background

Full Council approved the revenue budget of £3.8m for 2022/23 in February 2022. Budget monitoring is delegated to Executive and Scrutiny and revenue service reports have been presented regularly with a full overview of revenue and capital quarterly. This report outlines the final year-end position of services against the 2022/23 budget of £9m (the current budget includes carry forwards and reserve movements) as at the end of March 2023.

Revenue Budget

5. Final Outturn Position

Table 1 shows the final outturn position against the current budget.

Actual Spend 2021/22		Original Budget 2022/23	Revised Budget 2022/23 at 31st March	Actual Spend 2022/23	Variation
£'000		£'000	£'000	£'000	£'000
863	Chief Executive	1,297	1,539	1,621	82
888	Customer Access	272	587	823	236
6,259	Environment & Regulation	7,759	8,026	7,787	(239)
709	Finance & Property	2,397	2,003	1,970	(33)
2,920	Housing Health and Wellbeing	5,084	8,859	6,539	(2,320)
1,525	Inward Investment & Growth	2,256	3,014	2,950	(64)
2,839	Legal & Governance	2,492	2,484	4,408	1,924
(1,327)	Central Support	0	196	0	(196)
14,676	TOTAL	21,557	26,708	26,098	(610)
2,916	Parish Precepts	3,104	3,104	3,104	0
1,674	Drainage Board Levies				0
(3,088)	Trading Accounts	(2,711)	(2,644)	(2,655)	(11)
(1,605)	Net Interest Receivable and similar	(511)	(541)	(1,881)	(1,340)
14,573	Net Operating Expenditure per the Income and Expenditure Account	21,439	26,627	24,666	(1,961)
(9,748)	Council Tax	(10,823)	(10,823)	(10,823)	0
(3,725)	Formula Funding	(3,982)	(3,982)	(3,982)	0
991	Business Rates Retention	(1,813)	(1,813)	(2,292)	(479)
(1,107)	Government Grants	(990)	(990)	(990)	0
984	Deficit for the year on the Income & Expenditure Statement	3,831	9,019	6,579	(2,440)
(4,519)	Transfer to/from earmarked reserves	(6,079)	(6,698)	(2,488)	4,210
386	Transfer to/from earmarked reserves - MTFP	(905)	(4,357)	(341)	4,016
3,149	Direct Revenue Funding, Minimum Revenue Provision, Premium & Discounts	3,153	2,036	(3,750)	(5,786)
0	Transfer (to)/from balances	0	0	0	0
(1,500)	Opening Balances	(1,500)	(1,500)	(1,500)	0
0	Transfer (to)/from balances	0	0	0	0
(1,500)	Closing Balances	(1,500)	(1,500)	(1,500)	0

6. Carry Forward Requests

There are no Revenue carry forward requests

7. Impact on General Fund Reserves

General Fund Revenue Opening Balance £000's	£28,522
Movement £'000's	£2,829
Closing Balance £000's	£25,693

A list of Sedgemoor District Council Reserves is attached at Appendix 3b

8. Reserves Outturn Position

The Council holds reserves in two forms:

- The General Fund to mitigate against unforeseen spends or major unexpected events
- Earmarked Reserves held for specific purposes and to mitigate against future known or predicted liabilities and resilience.

There is no formal guidance that sets appropriate levels of reserves although general practice is to set General Fund Reserves at a minimum of 5% of the net budget. This would be approximately £0.5m. However, a more refined assessment was made taking into account sensitivity analysis and risks to the budget that set a range for General Fund Reserves of £1.5m for 2022/23.

If Members approve the contribution approved legacy General Fund Reserves to be carried forward to Somerset Council will be £24.2m for 2023/24. A summary of the overall position has been outlined in the overview report. The position of all Earmarked Reserves is outlined in Appendix 3b.

9. Capital Outturn Position

The year-end position of the Council's capital programme saw expenditure of £10.9m against an overall budget of £8.6m, giving an in-year variance of £2.7m. Somerset Council set the capital programme in February 2023 based on quarter 2 predictions. A number of projects have since been added and amended in quarter 3 and quarter 4 and members are requested that these are added to the Somerset programme:

General Fund	Original Budget 2022/23	Revised Budget 2022/23 at 31st March	Actual Spend 2022/23	Variation
	£'000	£'000	£'000	£'000
Corporate Priority	-	-	-	-

Customers and efficiency

CCTV digitisation	0	14	3	(11)
CAP new revenues and benefits system	252	90	158	68
Bays pnd replacement				
sluice gates	0	70	44	(26)
New recycling containers	279	198	198	0
Brean beach hut	0	12	0	(12)
Bridgwater House refurbishment	201	112	98	(14)
Asset management	0	0	5	5
Convert street lighting to LED	0	29	7	(22)
Northgate Yard regeneration project	5,288	6,802	5,811	(991)
Vehicle replacement	321	485	424	(61)
Removable barriers for Bridgwater Fair	35	28	28	0
Electric vehicle charging points	408	408	27	(381)
Changing places toilets	100	200	0	(200)
All terrain wheelchairs	50	0	0	0
Asset management - Crosses Pen toilets	80	100	21	(79)
Asset management - Oxford Street toilets	80	105	20	(85)
Asset management - Burnham TIC toilets	0	66	66	0
Housing, commuities & wellbeing				
LAD1 housing thermal works/grants	0	641	627	(14)
HUG1 home upgrade	0	1,700	459	(1,241)
Housing enabling	0	1,300	735	(565)
Parks grant	0	50	0	(50)
Wembdon village hall grant	355	0	0	0
Watchfield village hall grant	50	50	50	0
Willstock hub grant	350	383	383	0
Stafford Road par, Burnham	0	40	40	0
Linham Road park, Bridgwater	0	10	10	0
Orchard Close park, Brent Knoll	0	10	15	5
Draycott park, Cheddar	0	20	20	0
Holford Road park, Bridgwater	0	45	45	0
Winchester Road Park, Burnham	0	15	14	(1)
Sorrel Drive Park, North				
Petheron	0	50	50	0
Coleridge Gardens Park,				
Burnham	0	10	13	3
Apex park, Burnham	0	15	0	(15)
Play are equipment	270	80	0	(80)
Growth and infrastructure				
Town Deal - Engine Room	0	0	173	173
Town Deal - Dunball	0	0	400	400
Town Deal - Arts Centre	0	0	35	35
Town Deal - Bridgwater town hall	0	0	45	45
Levelling Up - Bridgwater Hospital	0	0	218	218
	8,619	13,675	10,936	(2,739)

A number of projects totalling £xm will now need to be added to the Somerset Programme as they were not completed by the end of the 2022/23 financial year or require reprofiling.

The funding for these projects were included within the overall expected financing for 2022/23 and therefore have been factored into overall funding including borrowing requirements. The position of these projects at the year end is shown in Appendix x with the requested carry forward and funding source outlined in Column x and Column Y.

The revised Somerset Programme is included within the covering report.

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- 1 The Sedgemoor HRA figures for 2022/23 were revised during the budget process estimating a surplus (increase in balances) for the year of £917,390, leaving balances as at 31st March 2023 at £10,266,793. The level of balances need to be viewed in the context of the 30-year business because the balances fluctuate over the period accommodating major stock works; stock development and repayment of debt. Whilst the balances are healthy, we need to be mindful of forthcoming commitments such as the net zero climate change works and inflation that will need to be built into the plan.
- 2 The outturn is presented in Table 1 and shows a provisional surplus of £1,363,779 an increase of £446,389 compared to the expected actual. This can be accounted for by additional income from rents and income collected at £333,929; under spends on revenue expenditure at £288,646 including expenditure for fire risk works and housing development consultancy which is being reviewed in 2023/24; offset by increases in interest charges payable due to rising inflation at £283,223. Other variances across the board account for the balance.
- 3 There are no revenue budget carry forwards. The expenditure budget underspends referred to above will be considered further as part of the first quarter budget monitoring at Somerset Council.
- 4 There are a number of HRA capital budget carry forward requests totalling £4.6m, however these will not impact on revenue balances. Of this £2.7m is for delays on housing stock development due to contractor and supply chain issues; £0.3m for the HiS net zero carbon works and fire safety and cladding works which are hoped to complete in 2023/24; a further £1.2m for essential works carried out by His for outbuildings, balconies and Westfield House and £0.4m for estate sewerage works at Crickham delayed because of contract complexities and the tender process.
- 5 Year-end balances are £10,713,183. Whilst the balances of the HRA are healthy these should be considered in the context of the 30- year HRA business plan which takes into account stock investment requirements and provision for repayment of long-term debt, as well as other risks that need to be managed as detailed in the plan. In the latest HRA business plan for the new Somerset Council the combined HRA business plan had funding issues from year 8. The plan was impacted by the cap on the annual rent increase which was implemented because of the cost-of-living crisis. This situation is kept under review and the plan will be updated in due course.

Table 1 – HRA Outturn Position

2021/22 Actual	HOUSING REVENUE ACCOUNT	2022/23 Expected actual	2022/23 Actual	2022/23 Variance
£		£	£	£
	INCOME			
16,413,612	dwelling rents	16,981,380	17,264,599	283,219
582,061	non-dwelling rents	556,480	523,701	(32,779)
1,263,735	tenants' charges for services & facilities	1,262,130	1,266,883	4,753
51,578	heating and utility charges	69,120	63,169	(5,951)
70,190	leaseholders' charges for services and facilities	64,150	67,932	3,782
1,186,246	other income	1,097,730	1,162,084	64,354
9,711	decrease in impairment of debtors	0	16,551	16,551
19,577,132	TOTAL INCOME	20,030,990	20,364,919	333,929
	EXPENDITURE			
3,887,324	repairs & maintenance	4,125,790	4,070,198	(55,592)
4,451,901	supervision & management	5,292,680	4,787,969	(504,711)
1,159,514	special services	1,116,420	1,201,257	84,837
386,733	rents, rates, taxes and other charges	440,560	627,380	186,820
9,885,471	TOTAL EXPENDITURE	10,975,450	10,686,804	(288,646)
(9,691,661)	NET COST OF HRA SERVICES	(9,055,540)	(9,678,115)	(622,575)
193,080	HRA services' share of corporate & democratic core	206,330	194,249	(12,081)
(9,498,581)	NET COST OF HRA SERVICES INC CDC	(8,849,210)	(9,483,866)	(634,656)
1,751,867	interest payable & similar charges	1,708,320	1,991,543	283,223
(216,694)	interest on revenue cash balances	(254,000)	(311,164)	(57,164)
(7,963,407)	(SURPLUS)/DEFICIT ON HRA	(7,394,890)	(7,803,487)	(408,597)
	MOVEMENT IN RESERVES			
	<i>appropriations to/(from) unuseable reserves</i>			
	<i>Transfers to/from the Capital Adjustment Account</i>			
5,171,265	Capital expenditure funded by the HRA	0	52,731	52,731
	<i>Transfer to/from the Major Repairs Reserve (MRA)</i>			
5,015,200	Reversal of the MRA credited to the HRA	6,477,500	6,386,977	(90,523)
10,186,465	ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE	6,477,500	6,439,708	(37,792)
2,223,057	(INCREASE)/DECREASE IN HRA BALANCE FOR YEAR	(917,390)	(1,363,779)	(446,389)
	HOUSING REVENUE ACCOUNT BALANCE			
(11,572,461)	brought forward at start of year	(9,349,404)	(9,349,404)	0
2,223,057	(surplus) / deficit for year	(917,390)	(1,363,779)	(446,389)
(9,349,404)	carried forward at end of year	(10,266,794)	(10,713,183)	(446,389)

	1st	Transfers		31st	Transfers		31st
	April			March			March
	2021	Out	In	2022	Out	In	2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund							
Apprentices	359	(154)	333	538	(211)	11	338
Business Incubation Space	169	(33)	125	261	(181)	250	330
Business Rates Retention*	11,603	(7,510)	3,382	7,475	(3,220)	1,120	5,375
CCTV equipment	72	(54)	0	18	(18)	0	0
CCTV equipment TDBC	355	(449)	166	72	(115)	72	29
Commercial Property	338	0	180	518	0	167	685
Community Development Fund	5,331	(2,275)	1,063	4,119	(2,248)	989	2,860
Corporate buildings	203	(25)	60	238	(12)	60	286
Flooding	63	(63)	0	0	0	0	0
Homelessness	433	(544)	909	798	(446)	873	1,225
Housing Improvement	187	0	253	440	0	106	546
Insurance fund	70	0	8	78	0	8	86
IT equipment replacement	285	(75)	254	464	0	3	467
Kings of Wessex Pool	386	(73)	68	381	(250)	69	200
Land Charges	74	(74)	0	0	0	0	0
Medium Term Managed use of Balances**	8,691	(845)	1,230	9,076	0	341	9,417
New Burdens	591	(294)	48	345	(31)	264	578
Somerset Building Control Partnership	478	0	103	581	(78)		503
Succession Planning	94	0	0	94	(6)		88
Port of Bridgwater	540	(256)	0	284	(107)		177
Covid 19 contingency	618	(972)	1,124	770	(375)	49	444
Other	217	(115)	370	472	(189)	276	559
Total General Fund Reserve Funds	31,157	(13,811)	9,676	27,022	(7,487)	4,658	24,193

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General Fund	Original Budget 2022/23	Revised Budget 2022/23	Actual Spend 2022/23	Variation
Corporate Priority	£'000	£'000	£'000	£'000
Customers and efficiency				
CCTV digitisation	0	14	3	(11)
CAP new revenues and benefits system	252	90	158	68
Bays pnd replacement sluice gates	0	70	44	(26)
New recycling containers	279	198	198	0
Brean beach hut	0	12	0	(12)
Bridgwater House refurbishment	201	112	98	(14)
Asset management	0	0	5	5
Convert street lighting to LED	0	29	7	(22)
Northgate Yard regeneration project	5,288	6,802	5,811	(991)
Vehicle replacement	321	485	424	(61)
Removable barriers for Bridgwater Fair	35	28	28	0
Electric vehicle charging points	408	408	27	(381)
Changing places toilets	100	200	0	(200)
All terrain wheelchairs	50	0	0	0
Asset management - Crosses Pen toilets	80	100	21	(79)
Asset management - Oxford Street toilets	80	105	20	(85)
Asset management - Burnham TIC toilets	0	66	66	0
Housing, Communities & Wellbeing				
LAD1 housing thermal works/grants	0	641	627	(14)
HUG1 home upgrade	0	1,700	459	(1,241)
Housing enabling	0	1,300	735	(565)
Parks grant	0	50	0	(50)
Wembdon village hall grant	355	0	0	0
Watchfield village hall grant	50	50	50	0
Willstock hub grant	350	383	383	0
Stafford Road par, Burnham	0	40	40	0
Linham Road park, Bridgwater	0	10	10	0
Orchard Close Park, Brent Knoll	0	10	15	5
Draycott park, Cheddar	0	20	20	0
Holford Road park, Bridgwater	0	45	45	0
Winchester Road Park, Burnham	0	15	14	(1)
Sorrel Drive Park, North Petherton	0	50	50	0
Coleridge Gardens Park, Burnham	0	10	13	3
Apex Park, Burnham	0	15	0	(15)
Play area equipment	270	80	0	(80)
Growth and infrastructure				
Town Deal - Engine Room	0	0	173	173
Town Deal - Dunball	0	0	400	400
Town Deal - Arts Centre	0	0	35	35
Town Deal - Bridgwater town hall	0	0	45	45
Levelling Up - Bridgwater Hospital	0	0	218	218
	8,619	13,675	10,936	(2,739)

Financing Table for General Fund Capital Outturn

Funded By	£'000
Capital Receipts	719
Government Grants & Other Contributions	2,290
Borrowing	6,834
Revenue & Reserves	1,093
Total Funding	10,936

General Fund Financial Monitoring – Outturn Position 2022/23

Report Author: Kerry Prisco, Management Accounting and Reporting Lead

1 Executive Summary

1.1 This report contains information related to Somerset West and Taunton Council's (SWT) financial performance for the 2022/23 financial year. The outturn figures included are provisional subject to the completion of the external audit of the statutory financial statements. The audit is due to be completed between July and September with the findings due to be reported to the Audit and Governance Committee this year.

1.2 The **revenue outturn position** for the financial year 2022/23 is as follows:

1.3 The General Fund (GF) Revenue Outturn position for 2022/23 is a net underspend of £1.034m (-6.1% of net budget).

1.4 A balanced and robust budget for 2022/23 was prepared in the context of increased economic uncertainty. The Council has successfully managed its financial risks during the year through continued effective budget control and using in-year underspends to absorb financial pressures within budget, whilst maintaining a healthy reserves position to take forwards into the new Somerset Council.

1.5 The significant reasons for the variance being reported include:

- **Net Cost of Services:** The regular monitoring of financial information and the early reporting of variances by budget holders have enabled the senior management team to control the overall financial position of the Council, resulting in a net underspend of £171k (-0.6% of Net Budget) for net cost of services. Variances in excess of £50k are explained below in section 4.
- **Net Interest Payable:** the Council's Treasury Management activities have been efficiently managed during the year against the back drop of a volatile economic climate. A further £330k favourable variance on top of £500k transferred to unearmarked reserves.
- **Minimum Revenue Position (MRP):** the Council estimates the value of the MRP charge during the budget setting process. The charge is then calculated as part of the year end process and has resulted in lower than estimated charge by £295k.
- **Renewable Energy Retained Income:** the Council was able to retain 100% of the 2021/22 surplus, that was settled during 2022/23, amounting to £344k.

1.6 The **reserves position** for 2022/23 is as follows:

- 1.7 The **unearmarked reserves** are projected to be £11.468m which is £9.068m above the recommended minimum balance of £2.4m.
- 1.8 The **earmarked reserves** are projected to be £15.741m of which £10.232m relates to reserves held to mitigate financial risk related to business rates, property investments and capital funding.
- 1.9 The **capital outturn position** for 2022/23 is as follows:
- 1.10 The total approved General Fund Capital Programme budget in place as at 31 March 2023, including schemes brought forward from previous years, was £79.493m (see **Appendix 4c**). This relates to a combination of schemes to be delivered in 2022/23 and 2023/24 and some longer-term projects that will continue further into later years.
- 1.11 The actual capital spend during 2022/23 was £11.148m. There were net overspends totalling £325k against some schemes and budget returns of £1.171m, resulting in £67.499m total budget to be carried forward for schemes in 2023/24 and future years.

2 Background and Full details of the Report

- 2.1 This report informs Members of SWT’s financial outturn (a comparison of net spending against the budget for the year) for revenue and capital budgets in 2022/23 for the Council’s General Fund (GF).
- 2.2 Corporate Scrutiny and the Executive have received quarterly budget monitoring reports throughout the year which have highlighted variances from budgets and comments from the budget holders, as well as summarising the main risks and uncertainties as explained above. The forecast position has fluctuated during the year.
- 2.3 The outturn figures contained in this report are provisional at this stage. The financial outturn has been taken into account when preparing the Council’s Draft Statement of Accounts, which is due to be approved by the Assistant Director – Finance (S151 Officer) by the end of June, and is subject to review by the Council’s External Auditor. Should the External Auditor identify the need for any changes to the Accounts these will be reported to the Audit and Governance Committee on 27th September this year.

3 General Fund Revenue Budget – Outturn Position 2022/23

- 3.1 The General Fund Revenue Outturn position for 2022/23 is a net underspend of £1.034m (-6.1% of Net Budget).
- 3.2 The following table presents a summary of the revenue budget and the outturn position for the year by directorate.

Table 1: General Fund Revenue Outturn Summary 2022/23

	Original Budget £000	Approved Changes £000	Current Budget £000	Outturn £000	Variance	
					£000	%
Development and Place	4,044	-919	3,125	3,135	10	0.3%

	Original Budget £000	Approved Changes £000	Current Budget £000	Outturn £000	Variance	
					£000	%
External Operations & Climate Change	10,037	-586	9,451	8,590	-861	-9.1%
Housing & Communities	3,234	327	3,561	3,593	32	0.9%
Internal Operations	9,750	239	9,989	10,812	823	8.2%
Senior Management	594	-143	451	417	-34	-7.5%
Local Government Reorganisation	1,375	-353	1,022	881	-141	-13.8%
Net Cost of Services	29,034	-1,435	27,599	27,428	-171	-0.6%
Investment Properties	-4,490	-1,889	-6,379	-6,341	38	-0.6%
Interest and Investment Income	-516	-500	-1,016	-1,346	-330	32.5%
Expected Credit Losses	0	0	0	101	101	0.0%
Net Transfers to Earmarked Reserves	-5,387	-186	-5,573	-5,542	31	-0.6%
Net Transfers to General Reserves	-1,375	4,216	2,841	2,842	1	0.0%
Capital and Other Adjustments	-248	-198	-446	123	569	-127.5%
Net Budget	17,018	8	17,026	17,265	239	1.4%
Funding	-17,018	-8	-17,026	-18,299	-1,273	7.5%
Variance	0	0	0	-1,034	-1,034	-6.1%

Note: Negative figures represent income / underspend.

3.3 A summary of the outturn position, and the differences between the reported variances at Quarter 3 and the year-end Outturn, are summarised per directorate below.

Development & Place:

3.4 The Development and Place directorate has a current net expenditure budget of £3.125m in 2022/23, which has delivered a range of services and projects including:

- Strategy, policy development including the Local Plan and implementation of infrastructure projects.
- Planning services including 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')

3.5 The directorate has reported a net overspend of £10k for the year.

- 3.6 This is largely derived from the use of agency staff in Development Management due to the difficulty in recruiting to key roles plus the impact of the pay rise, together with lower than budgeted planning income. This has been offset in part by 2021/22 deferred income on planning applications that have now been determined and payroll savings across the other departments.
- 3.7 The Environment & Leisure Improvement Fund (ELIF) initiative has been delivered, and of the £600k approved budget:
- a. £130k has been used to resurface the Vivary Park pathways and areas around the water feature and fountain, and as a contribution to the Coal Orchard public realm.
 - b. £50k was contributed to the Changing Places facility to be implemented at Tower Street.
 - c. £60k was contributed to the Taunton Town centre highways repairs.
 - d. £24k was contributed to the Dragon Sculpture and the launch thereof.
 - e. £40k was contributed to the cricket nets at Vivary Park.
 - f. £20k towards the Heritage project at Toneworks.
 - g. £30k Public Arts grant to the Firepool project.
 - h. £30k for ground investigation work as part of the Active Travel project.
 - i. £20k contribution to Minehead Town Council towards their maintenance programme.
 - j. Contributions were made to numerous town centre and surrounding area projects including tree planting and/or restoration at locations including Crescent car park & Vivary park; pathway and other resurfacing; installation of benches and seating; signage improvement and installation of planters.
- 3.8 The current inflationary pressure did not have any significant impact on the directorate as there are few premises or transport related costs.
- 3.9 The directorate's budget volatility and forecast has been managed via robust contract and financial / budget management by budget holders.

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

Department Notes	Q3 Variance £000	Movement £000	Outturn Variance £000
Development Management/Planning: the movement of £96k from the Q3 forecast of £97k overspend is due mainly to lower than expected Planning income of £125k, lower than expected Pre-Planning Application (PPA) income of £22k offset by reduced consultancy fees on Somerset Ecology advice of £11k and a lower refund provision of £40k.	97	96	193
Economic Development: the movement of £58k is mainly due to higher than budgeted staff recharges £31k, release of remainder of Innovation Conference budget £15k, capitalisation of public art costs £6k.	-11	-58	-69
Major & Special Projects: the movement of £30k is mainly due to further payroll savings due to staff vacancies	-23	-30	-53

Department Notes	Q3 Variance £000	Movement £000	Outturn Variance £000
and an underspending on the ELIF budget (£17k). This is partially offset by a charge to revenue of c£12k for de minimis PPE costs from three capital projects and a £28k write off of costs relating to a halted regeneration project.			
Other Minor Variances mainly driven by savings in payroll in Strategy & Policy, and lower than expected consultants cost for Phosphates advice.	22	-83	-61
Total	85	-75	10

External Operations and Climate Change:

3.10 The External Operations and Climate Change directorate has a current net expenditure budget of £9.451m in 2022/23, which has delivered a range of services and projects including:

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

3.11 The directorate has reported a net underspend of £861k at the end of the financial year.

3.12 The outturn for the year reflects an improved position on income, across Parking, Assets and Bereavement Services and the overall active management of contractor spend. This is against the backdrop of rising inflation which the directorate has mitigated through proactive budget management.

3.13 **Somerset Waste Partnership:** The council pays a fixed amount to Somerset County Council each year and contract savings has led to a year end surplus. On the 21 December 2022 Executive approved a transfer to earmarked reserves for the forecast surplus of £440k. The final outturn position was £497k and the adjusted amount has been transferred to the earmarked reserve.

3.14 **Car Parking:** As part of the 2022/23 budget setting process, the income budget for car parking was reduced by 25%. On the 21 September 2022 the Executive approved a budget virement of £302k to further reduce the car parking income budget, so in total a £1.778m budget reduction. This was in line with the forecast reduction and change in usage that the council was seeing across its car parks following COVID-19. The income

position improved during the year and the final outturn position against the revised budget is an over recovery of £140k. This is included in Table 3.

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

Department Notes	Q3 Variance £000	Movement £000	Outturn Variance £000
<p>Major Contracts: Major Contracts includes the following areas: Leisure, Waste, Building Control, Street Cleansing and Fleet Management.</p> <p>The outturn variance includes (a) vacant post in leisure £13k and an underspend in leisure centre maintenance costs due to works not being delivered before year end £73k, (b) fleet contract - a budget was identified to meet damage costs which wouldn't be included in the fixed contract amount that the council pays, these costs came in less than budgeted £28k.</p> <p>Somerset Waste Partnership, budgets have been updated to reflect the transfer to earmarked reserve (see paragraph 5.13).</p> <p>There was minor movement from Q3 to outturn.</p>	-117	3	-114
<p>Street Scene/Open Spaces: A 2021/22 carry forward budget of £100k was approved for maintenance works to Vivary Park Bandstand. This was an estimated figure and actual costs have come in £55k less than budget.</p> <p>Vacancies across the service has led to a £32k salary underspend, this has been part offset by increase in utility costs £20k.</p> <p>There was minor movement from Q3 to outturn.</p>	-64	-7	-71
<p>Asset Management: Increase in rental and other income of £350k, which is owing to (a) new lettings which were unknown at budget setting time £90k, (b) delayed vacation of tenants £75k, (c) transfer of units at Coal Orchard £95k, and (d) proactive recovery of proportionate costs, £90k.</p> <p>At budget setting 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 higher than anticipated, c£130k.</p> <p>Increase in electricity costs across all buildings, £40k.</p> <p>A budget of £50k identified for bad debt provision is not required.</p> <p>Business rates revaluation for Deane House led to a refund of £30k.</p> <p>Active management of budgets and costs has led to an overall saving of c£100k across various budget lines.</p>	-278	-141	-419

Department Notes	Q3 Variance £000	Movement £000	Outturn Variance £000
<p>Allocation of salary costs to Commercial Investment Properties has led to an overall saving on salaries of £50k.</p> <p>Maintenance works not complete prior to year-end and an improved position on void costs accounts for the £141k movement from Q3 to outturn.</p>			

<p>Floods and Harbours: The North Hill design works is a phased project and final design works were dependent on a drone survey. Due to bad weather this work has been delayed and will now fall into next financial year, meaning a movement of £51k from Q3. Other minor underspends across various budget lines.</p>	-15	-52	-67
<p>Facilities Management: A continued decrease in pool car usage and the introduction of two electric pool cars has led to a saving on fuel of £21k. Delay in receiving new vehicles due to national manufacturer issues has resulted in a saving on lease costs of £25k.</p>	-50	0	-50
<p>Climate Change: The council was successful in its bid for external grant funding for the decarbonisation project at both Wellington Sports Centre and Alcombe Children's Centre. The conditions of the external grant required the Council to provide match funding and as part of Q3 budget monitoring Executive approved the use of existing unallocated Climate Change budget to help fund this project, which accounts for the movement from Q3 to outturn.</p>	-150	148	-2
<p>Public Health: £15k was carried forward from 2021/22 for the Seagull Control Programme. The council did not receive the necessary evidence to carry this out in January, therefore this budget is no longer required. The service was reporting an overspend in Q3 which allowed for (a) system upgrade works (CIVICA and Northgate), however despite best efforts this work wasn't completed before year-end and (b) additional contract costs to help clear food inspection backlog came in less than forecast as some of the work was carried out in house. This accounts for the movement from Q3.</p>	61	-75	-14
<p>Private Sector Housing: The third-party data used at budget setting time to identify potentially unlicensed Housing Multiple Occupation properties projected too high a number and therefore artificially inflating the income target £82k, this has now been part offset by salary underspends due to vacant posts £15k. There was minor movement from Q3 to outturn.</p>	64	6	70
<p>Bereavement Services: This is a demand led service and the forecast position on income at Q3 was an under recovery of £9k. Essential electrical compliance works which led to reduced services offered to just 3 days per week, saw income drop significantly in Q3 and forecasts adjusted. The service did however see an increase in Q4 compared to previous years, which has led to a final outturn position of £104k over recovery in income. This is part offset by responsive maintenance works required to</p>	38	-70	-32

keep cremators workings £25k, purchase of a coffin loader £30k and increase in utility costs, £26k. The movement from Q3 to outturn is due to an improved position on income, which was slightly offset by additional maintenance costs.			
Parking: please refer to paragraph 1.4 above. The final outturn position for income is £140k over recovery. The overall variance also includes an overspend on bank charges due to a rise in the number of card transactions taken at the P&D machines £35k, increase in electricity costs £20k, part offset by enforcement costs coming in less than budgeted £42k. The movement from Q3 to outturn is due to an improved position on income and reduced enforcement costs.	-71	-48	-119
Other Minor Variances	-35	-8	-43
Total	-617	-244	-861

Housing & Communities:

3.15 The Housing and Communities directorate has a current net expenditure budget of £3.561m in 2022/23, which has delivered 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.

3.16 The directorate has reported a net overspend of £32k for the year.

3.17 The inflationary pressure within this Directorate was minimal and has related to the cost of materials, contracts, and staffing costs to deliver services within the Homelessness function.

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

Department Notes	Q3 Variance £000	Movement £000	Outturn Variance £000
Homelessness: The Homelessness Service has experienced recruitment and retention pressures during the year, that have required a reliance on agency staff that has caused an overspend on staffing costs.	332	-109	223

In addition, the service has experience high levels of demand from families requiring housing support brought about by the war in Ukraine and a one-off cost in relation to Canonsgrove dilapidations of £122k, resulting in B&B costs exceeding budget significantly.			
These additional costs have been offset in part by the £454k Homeless Prevention Grant, £71k Winter Top Up Grant and the use of £570k of earmarked reserves.			
Maintenance: The budgeted resource was for general fund asset maintenance works. The decision to outsource this activity was agreed after the budget was set. Where possible trade staff were moved into equivalent roles within the HRA.	-42	-147	-189
Other Minor Variances	10	-12	-2
Total	300	-268	32

Internal Operations:

3.18 The Internal Operations directorate has a current net expenditure budget of £9.989m in 2022/23. This has delivered 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

3.19 The directorate has reported a net overspend of £823k for the year. This is an adverse movement of £430k on the Q3 forecast where the projected overspend for the year was £395k. This movement is largely due to rent allowances/rent rebates which has a large budget of £27.5m, is a high-risk area and difficult to predict, and a write off to revenue relating to historical unreconciled balances on the CT and NNDR debtors control accounts

- 3.20 The outturn position is driven significantly by four larger variances: a £380k adjustment following the completion of a thorough review of the non-staff related cost apportionments between the General Fund and Housing Revenue Account (HRA), to ensure this reflects the up to date position and reasonable assumptions around the relative use of resources; the variance of £285k for rent allowances and rent rebates, a £200k variance regarding the operational cashable savings target applicable to the Service Improvement and Efficiency Programme which has not been achieved and the write off of £168k of unreconciled balances on the CT and NNDR debtor control accounts.
- 3.21 The remaining £208k projected net underspend relates to a range of variances across the Directorate's main operational areas. Cost pressures and investment in service priorities such as change management, health and safety, customer services and Deane Helpline as well as pay award costs are now more than offset by staff vacancies, control of costs and managed savings for example in publicity and promotion costs. There has also been additional income from the release of the balance of test and trace administration grant.

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

Department Notes	Q3 Variance £000	Movement £000	Outturn Variance £000
Comms and Engagement: This is savings in staff costs through a vacancy and not backfilling a maternity leave, plus managed in year savings primarily reducing costs of publicity and promotions identified in quarter 2.	-75	4	-71
Governance: This is due to vacant and seconded posts and the SHAPE legal services contract costing less than budgeted. There are less costs than anticipated for Community Governance Review (CGR) due to these costs being absorbed in other budgets. Elections is showing a £71k surplus due to additional income from previously carried out elections including the General Election 2019, Police and Crime Commissioner elections in 2021 and One Council election in 2022. The movement is due to a staff severance agreement.	-120	50	-70
Internal Change: The variance is predominantly due to the programme and project management costs relating to the continuation of the service improvement and efficiency programme. Through 2023 it included projects such as customer experience improvement that provided complaints analysis and remedy and led to reduced mainline call volumes for the last 6 months of SWT alongside increased web-based service click through rates after a refresh of the website. Work was	134	-20	114

also completed on the excellence framework and lean champion training. The additional costs were balanced by underspends in other areas of the corporate team budget.			
ICT: The underspend is due to the management of non-pay costs.	-46	13	-33
Benefits: The underspend results from receiving a greater amount of administration grant than anticipated, receiving the balance of the test and trace scheme administration grant and an underspend on the fraud contract.	-176	26	-150
Rent Allowances and Rent Rebates: This is a high-risk area within the authority. The year-end position is very difficult to predict for these budgets and the variance only represents a small proportion of the overall budget of £27.5m. The variance represents the difference between the benefit payments we make to claimants and the money we receive in subsidy and is due to many factors. These include meeting local costs towards War Pensions, Subsidy errors, Rent Officer shortfalls, and contributions to Supported and Temporary housing which are not covered in full by the DWP. These costs are monitored and challenged but many of these shortfalls are out of our control, and we are legislatively bound to meet the costs, as are all other administering local authorities.	0	285	285
Deane Helpline: Over half of the overspend relates to the pay award exceeding budget estimates. Some of the additional cost of allowances for one part of the team together with all the additional payments for holiday pay were agreed after budget setting and therefore exceeds the budget for 22/23. The cost of overtime to cover holiday and other absences also added to the cost pressures. The service has recruited additional relief staff to minimise overtime costs in the future.	108	4	112
Finance: Centrally funded pension costs below budget and non pay savings (in finance, corporate management and insurance). Since quarter 3 there has been additional income above forecast through the HRA support staff recharge and the receipt of new burdens and transparency code income, together with lower than forecast non pay expenditure. There has also been a write off to revenue of unreconciled historical balances on the CT and NNDR debtor control accounts of £168k.	-93	68	-25
HRA Recharges: A thorough review of the non-staff related cost apportionments between the General Fund	380	0	380

and Housing Revenue Account (HRA) has been completed, to ensure this reflects the up-to-date position and reasonable assumptions around the relative use of resources.			
Other Minor Variances	83	-7	76
Total	195	423	618

3.22 Reported within Internal Operations are corporate savings budgets regarding staff vacancies and service efficiencies. The vacancy savings budget of £100k has been fully dispersed to services in the first half of the year. Additional vacancy savings are reflected within individual service cost projections.

Savings Targets

**Table 6: Other Internal Operations
Main Differences between Quarter 3 and Outturn Variances**

Department Notes	Q3 Variance £000	Movement £000	Outturn Variance £000
Efficiency Savings: This programme has delivered many improvements and non-cashable efficiencies despite the impact of LGR on capacity and available focus areas. However no cashable savings were delivered during the year. Future efficiency and transformation will be a key part of the LGR programme.	200	5	205
Total	200	5	205

Senior Management Team (SMT)

3.23 The SMT has a current net expenditure budget of £451k 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. The variance to budget of £34k is due to a small underspend on staffing and the contingency not being fully allocated.

Local Government Reorganisation (LGR)

3.24 The original one-off budget of £1.375m included £1m for LGR Implementation plus £375k to provide for additional capacity to support transition costs incurred by SWTC because of the programme. During the year £215k has been transferred to an earmarked reserves as a contribution towards the LGR Implementation costs in 2023/24 and £138k was approved to be transferred to Taunton Town Centre towards 2022/23 and 2023/24 costs. The year end position was an underspend of £141k.

Pay Award 2022

3.25 The 2022/23 approved budget assumed a 2% pay award. The Pay Award was agreed at £1,925 per scale point which equates to an average increase of approximately 5.6% across the staff base. This has been included within the outturn position provided by services (reported above).

Other Costs, Income and Reserve Transfers

3.26 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

3.27 In summary, the overall position against budget for these items is a net underspend/income of £863k. The reasons for this variance are explained in the table below.

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

Department Notes	Q3 Variance £000	Movement £000	Outturn Variance £000
<p>Interest Payable and Investment Income: Net interest payable of £258k and CIP interest of £71k.</p> <p>Interest Payable - In a complex and volatile economic environment, the risk of interest cost variations has continued to be highlighted to Members. A blend of taking well-timed early opportunities for new borrowing during 2022/23, utilising internal balances in lieu of external borrowing and the scaling down of the General Fund capital programme have, together, generated a positive variance to the budget estimate. The nature of borrowing taken (i.e. fixed term loans) should substantially reduce the risk of further variations in year.</p> <p>Interest Receivable - The Council holds a portfolio of investments that comprise a combination of contingency balances (reserves) cashflow (e.g. funding from grants and contributions received in advance) and liquidity balances (to provide for</p>	4	-334	-330

<p>immediate payments as they become due). A combination of market interest rate increases and good performance in the Council's investment portfolio have generated a positive variance to the budget estimate.</p> <p>The Executive approved the transfer of £500k of these Treasury Management surpluses to general reserves in Q2.</p>			
<p>Expected Credit Losses: This represents a reduction in the provision for Sundry Debtors and housing benefit bad debts / credit losses, despite a more cautious allowance for risk of losses due to COVID / economic pressures on customers.</p>	0	101	101
<p>Transfers to and from Earmarked Reserves: This variance relates to year end adjustments for (a) £890k capital financing from earmarked reserves and (b) £554k adjustment to the Collection Fund smoothing reserve (see 'funding' below).</p>	-279	310	31
<p>Capital and Other Adjustments: The main variance is a £295k underspend against the year end calculation for the minimum revenue provision (MRP) budget estimate.</p> <p>The other variances are offset elsewhere within the accounts for (a) £28k write off against the Tangier aborted scheme (offset in services), and (b) £890k capital finance (offset in earmarked reserves above).</p> <p>In order to increase reserve balances this year to provide budget flexibility and financial resilience in 2023/24 on the face of significant financial pressures, and in light of the reduced capital programme, £1.294m of revenue funded capital financing has been released and transferred to general reserves (Executive 21 December 2022).</p>	0	569	569
<p>Funding: The variance of £1.273m consists of an extra £7k in respect of family annex grant received and £1.266m as detailed within section 5.3 and Table 8: Business Rates Funding Outturn 2022/23 below.</p>	0	-1,273	-1,273
<p>Other:</p>	1	38	39
<p>Total</p>	-274	-589	-863

4 Business Rates

- 4.1 The Business Rates Retention (BRR) funding system is both challenging and volatile, with the Council facing significant risks particularly in respect of appeals against rateable

values by rate payers. The required accounting arrangements also result in some ‘timing differences’ which can skew the funding position across financial years. SWTC’s standard share of net rates income is 40%.

4.2 **Business Rates Retention Pooling Gain:** During 2022/23 SWT was not part of the Somerset Business Rates Pool however the Pool agreed a gain share arrangement to include SWT and a budget of £250k was included as part of the budget. The Council has been informed that their share of the final gain for 2022/23 will be £306k, therefore £56k higher than budget. In addition to this, final settlement of the gain for 2021/22 resulted in an additional sum of £12k being received, meaning the overall surplus above budget was £68k.

4.3 The following table summarises the net position in respect of retained business rates funding for SWT in 2022/23 based on required accounting entries.

Table 8: Business Rates Funding Outturn 2022/23

	Budget £000	Outturn £000	Variance £000
40% Share of Business Rates Income (per original budget)	-16,947	-16,947	0
Tariff to Government (fixed amount)	18,395	18,395	0
Section 31 Grant funding for enhanced Small Business Rates Relief/Flooding Relief/Retail Reliefs	-5,267	-5,771	-504
Renewable Energy Rates – 100% retained by SWT	-549	-893	-344
Safety Net Payment	-184	-526	-342
Collection Grant Variance	0	-3	-3
Surplus Levy Distribution	-28	-33	-5
Pooling Gain	-250	-318	-68
Total Retained Business Rates Funding 2022/23	-4,830	-6,096	-1,266
Previous Year’s Collection Fund Deficit	7,667	7,667	0

4.4 The Council maintains a Business Rates Volatility Reserve, which enables the council to ‘smooth out’ accounting timing differences within the BRR system and provide a prudent contingency to protect the revenue budget from large reductions in business rates income – e.g., through larger than estimated appeal refunds and large variances in S31 grant income – and collection fund deficits.

4.5 A separate earmarked reserve in respect of the Business Rates Tax Income Guarantee scheme in connection with COVID has a remaining balance of £896k as at 31st March 2023.

5 Investment Properties / Capital Financing:

5.1 In the Annual Auditor’s Report presented to the Audit and Governance Committee in November 2022, a key recommendation was made by our external auditor in respect of the risks related to the Council’s investment in property for yield and the related borrowing requirements.

5.2 One of the measures to reduce risk includes reducing the level of borrowing needed to support the strategy. To this end we have an established policy of reducing debt through the annual Minimum Revenue Provision (MRP) and have prior years, through the budget and outturn, made further steps to accelerate debt repayment.

6 Debt Write Off

6.1 The total write-offs during 2022/23 amount to £1,375,703. Of this £321,059 is SWT's share of the loss. The fact that SWT's share of the loss is less than the total reflects the fact that for Council Tax and Business Rates we collect on behalf of other organisations and for Housing Benefits we receive a subsidy.

6.2 The table below provides a breakdown of debts written off between the General Fund and the Collection Fund.

6.3 The table also provides the corresponding figures for the previous financial year (2021/22) for comparison.

6.4 Whilst the amount written off is a high number, we do make an Expected Credit Loss provision within each year's Council Tax for a small proportion of the debt to be written off. Consequently, this amount is already budgeted for. Overall, our collection rates remain high for Council Tax close to 97% and even higher for Business Rates in excess of 97.5% of the debt raised.

Table 9: Value of Debts Written Off

	2021/22		2022/23	
	Total £	SWT share of loss £	Total £	SWT share of loss £
General Fund:				
Sundry Debts	15,061	15,061	32,015	32,015
Housing Benefits	100,140	60,084	124,579	74,748
Collection Fund:				
Council Tax	1,081,474	124,019	954,091	108,289
Business Rates	812,326	324,930	265,018	106,007
Total	2,009,001	524,094	1,375,703	321,059

7 Unearmarked Reserves

7.1 The opening general reserves balance as at 1 April 2022 was £7.592m, representing unearmarked reserves held to provide ongoing financial resilience and mitigation for unbudgeted financial risks. The following table summarises the movement during the year and the reserve balance as at 31 March 2023 (subject to audit) at £11.468m.

Table 10: 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
Transfer to Coal Orchard Warranty Earmarked Reserve	Council – 05/07/2022	-185
Released Earmarked Reserves in Q1	S151 / SMT – 10/08/22	197
Released Surplus Contingency for Litter Enforcement	S151 – 27/10/22	45
Released Earmarked Reserves in Q2	S151 / SMT – 09/11/22	61
Transfer of Treasury Management surpluses to reserves	Executive - 21/12/22	500
Transfer of RCCO surplus to reserves	Executive - 21/12/22	1,295
Released Test & Trace Earmarked Reserve	S151 – 14/11/22	39
Transfer of Tax Income Guarantee (TIG) Surplus released from earmarked reserves	Executive 15/03/2023	706
Transfer of Business Rates Surplus released from earmarked reserves	Executive 15/03/2023	801
Balance After In-Year Approvals		9,676
Proposed Transfer of RCCO		757
Outturn 2022/23 Revenue Budget Underspend		1,034
Balance Carried Forward 31 March 2023		11,468
Recommended Minimum Balance		2,400
Projected Balance above recommended minimum		9,068

7.2 During the financial year the S151 Officer discussed the reserves strategy with SMT and the other S151 officers in Somerset in the context of financial strategy and MTFP for the new Somerset Council. As such SWT has increased reserve balances during the year to provide budget flexibility and financial resilience in 2023/24 on the face of significant financial pressures. SWT was able to achieve this by replacing RCCO with borrowing for current year capital schemes, releasing earmarked reserves that were no longer required for their original purpose and transferring treasury management surplus’.

8 Earmarked Reserves

8.1 The Council sets aside funds for specific purposes in earmarked reserves to be used in future years to meet planned spend on services not yet incurred, and specific contingencies for material financial risks.

8.2 The following table provides a summary of earmarked reserves with balances greater than £500,000. **Appendix 4b** provides a list of all earmarked reserves and their movement during the year.

8.3 The total balance of General Fund earmarked reserves at the end of the financial year is £15.741m. Of this £10.232m is held to mitigate financial risks related to business rates funding, property investments and capital funding.

Table 11: General Fund Earmarked Reserves

	<i>Info: Budgeted Transfers £000</i>	Balance 1 April 2022 £000	In-Year Transfers £000	Balance 31 March 2023 £000
Business Rates Holiday S31 Grant	-6,645	5,811	-5,811	0
Business Rates Volatility	-718	5,353	-1,829	3,524
Investment Risk	0	3,151	889	4,040
Business Rates Losses S31 Grant	-897	2,499	-1,602	897
Investment Financing Fund	-2,000	2,000	-2,000	0
Capital Funding	-738	1,413	358	1,771
Sub-Total Risk Reserves	-10,998	20,227	-10,363	10,232
General Carry Forwards	-900	2,075	-2,075	0
Garden Town Fund	-213	979	-312	667
Economic Development Initiatives	-372	642	-486	156
Homelessness Prevention	-113	564	-564	0
Asset Management	-280	519	-304	215
Investment Assets Sinking Fund	0	500	200	700
Other Smaller Balances	-53	2,484	1,287	3,771
Sub-Total Other Reserves	-1,931	7,763	-2,254	5,509
Total	-12,929	27,990	-12,617	15,471

8.4 Earmarked reserves are set aside for a specific purpose and are reviewed on a regular basis. As reported during the year, £297k of earmarked reserves have been released and returned to General Reserves as they were no longer required for their original purpose. The Executive also agreed to transfer £1.2m from the Business Rates Volatility reserve, with £1m to the Investment Risk Reserve and £200k to the Investment Assets Sinking Fund. In addition, the Executive also agreed for £1.5m of funds held in respect of Business Rates Retention and Tax Income Guarantee grant overpayments in previous years (where the government has confirmed the accounts have been settled) to be released from earmarked reserves and returned to General Reserves.

9 Land Charges, Licensing and Taxi Licensing

9.1 Under regulations the Council needs to report how its Licencing and Land Charges services perform in the financial year. These services set fees and charges based on estimated reasonable costs and aim to break even each year. However, due to fluctuations in demand and costs the services may report an under- or over-recovery in any one year and the Council therefore transfers any surplus/deficit to a self-financing reserve.

9.2 **Land Charges:** During 2022/23 the Council has over-recovered its costs adjusting the self-financing reserve to a year end credit balance of £161,189. During the next round of fees and charges setting adjustments will be made with the view achieving a break-even position on a three-year rolling basis.

- 9.3 **Licencing:** During 2022/23 the Council has over-recovered its costs adjusting the self-financing reserve to a year end credit balance of £2,669. During the next round of fees and charges setting adjustments will be made with the view to achieving a break-even position on a three-year rolling basis.
- 9.4 **Taxi Licencing:** During 2022/23 the Council has over-recovered its costs adjusting the self-financing reserve to a year-end balance of £17,417. During the next round of fees and charges setting, adjustments will be made with the view to achieving a break-even position on a three-year rolling basis.

Table 12: Licencing and Land Charges Self-Financing Reserves

	Balance Brought Forward £	Net Reserve Transfers £	Balance Carried Forward £
Land Charges	-124,284	-36,905	-161,189
Licencing	8,905	-11,574	-2,669
Taxi-Licencing	34,068	-16,651	17,417

Note: minus (-) = funds in hand

10 Taunton Unparished Area Fund (Special Expenses)

- 10.1 In previous years the Council set an annual budget for the Unparished Area of Taunton, which was funded through a "Special Expenses" Council Tax charge to households in the area plus funding provided towards the impact of Council Tax Support on the Unparished area tax base. The Council agreed to transfer the management of these funds to the Charter Trustees in 2019/20. The following table summarises the income and expenditure for the Fund in 2022/23.

Table 13: Unparished Area Fund Income and Expenditure

	£	£
Fund balance brought forward 1 April 2022		-33,578
Special Expenses Precept 2022/23		-29,460
<i>Expenditure funded in the year:</i>		
Franz Liszt Memorial Plaque in Market House	437	
Play equipment Blenheim Road (£896) and Allington Close (£9,905)	10,261	
Tarmac base - Hawthorn Park basketball court	2,504	
Installation of a bench, Blackbrook	1,400	
Tree Planting Parkfield road & Crescent	340	
Litter bins: 1 at Middleway and 2 in Firepool	3,000	
Taunton East Development Trust Ltd - running costs of skateboard club at All Saints Church	2,000	
To Tacchi Morris Arts Centre (Taunton Festival of the Arts - contribution to costs of Pop Vocals Competition)	1,264	
Pyracantha clearance Allington close	500	
Taunton YMCA, Lighting	4,692	
Provision of Band for Dragon Opening	3,000	

	£	£
Taunton Pride CIC	2,756	
Voice Chamber Choir	2,100	
CICCIC and GoCreate Flook House	2,500	
CICCIC Doors	1,000	
Taunton Minster - St Mary Magdalene PCC	5,000	
St Georges Wilton - Bike Racks	250	
Taunton street Pastors - towards costs of using radio/CCTV for sat night patrols	650	
Tim Jennings - Taunton Table Tennis - to support provision of equipment	1,000	
Kevin Day - Obridge Allotments - installation of 2-3 toilets	2,018	
Contribution to Taunton Christmas Lights switch on	9,000	
Whirligig Lane repair contribution	6,802	
Income – Southern Sinfonic and covid grant balance	-400	
Total Expenditure		62,074
Fund Balance in hand carried forward 31 March 2023		-964

Note: minus (-) = funds in hand

- 10.2 The Fund was generally used to support minor works, worthwhile community activities and individual projects. The balance of funds at the end of the year remains held by the Council. For 2022/23, the Charter Trustees has raised its own precept for civic and mayoralty costs, and the Council has continued to raise special expenses for supporting initiatives and projects in the unparished area. These funds are distinct from the Charter Trustees' precept.

11 General Fund Capital Programme

- 11.1 The **approved General Fund Capital Programme** at the end of 2022/23 is £79.493m (see Appendix 4c). This consists of £75.193m of previously approved schemes from prior years and net £1.715m of new schemes approved in February 2022, as well as in year approvals of £3.210m of supplementary budgets and £625k of budget returns.

- 11.2 In-year budget supplements include:

- (a) Development & Place: £623k for Coal Orchard additional costs approved by Full Council on 5th July 2022 and contributions from ELIF and reserves, £579k Heritage works at Toneworks funded mainly by a Historic England grant & S106 funding, £499k CIL grants paid to parishes, £100k for the Changing Places facility at Tower Street, £30k for Active Travel and £30k for Firepool Works.
- (b) External Operations: £51k for Litter Bins, £70k for Vivary Park Footpaths, £75k for Wellington Leisure Centre Air Handling Units, £120k for Taunton Green Pavilion, £145,500 for Paul St Car Park works, £29,050 for EVCP's, £75,170 for tennis court at Cheddon Road, £66,830 for tennis court at Vivary and £215,000 for solar panels at Wellington Depot, have all been approved by the Deputy Chief Executive & Director Place and Climate Change and the Assistant Director - Finance (S151

Officer). £262,280 for Blue Anchor Coast Protection, approved by Full Council on 5 July 2022.

(c) Housing: £10k for grants to registered social landlords for S106 grants received during the year.

(d) S106 funded projects that have commenced (£230k).

11.3 In-year budget returns include:

(a) External Operations: £125k for new vehicles where lease costs are currently charged to revenue, £50k for Closed Churchyards where maintenance works are no longer required and £200k for Brewhouse Theatre Roof, works were done at a smaller cost to make the roof watertight and serviceable; any further works will now form part of the wider decarbonisation project under the new Unitary Council.

(b) Internal Operations: £250k for a variety of change projects where there has been an underspend.

11.4 The General Fund approved Capital Programme relates to in-year works and longer-term regeneration schemes that will be completed over the next four years. The Council is financing this investment through the Community Infrastructure Levy (CIL) receipts, Capital Receipts, Capital Grants, Revenue Funding and Borrowing.

11.5 The **actual spend** on the General Fund Capital Programme during 2022/23 was £11.148m (see **Appendix 4c**). The expenditure has been financed using a combination of Capital Grants, Capital Receipts, CIL funding, Revenue Funding, and borrowing.

11.6 The major areas of investment related to (a) the completion of the Coal Orchard construction (£1.9m), (b) obtaining planning consents to progress the re-development of the Firepool site, and the commencement of the Drainage & Levels project (£2.9m) (c) continuing works on the Flood alleviation project on the Left bank of the Tone River and at Firepool Lock (£0.5m), (d) Purchase of the Green Spaces site in Wellington and continuing Heritage works at Toneworks in Wellington (£1.1m), (e) Crescent Car Park improvement works (£0.7m) and (f) the loan to Somerset Waste Partnership towards Depot works (£0.5m).

11.7 The capital outturn position is reporting a **net overspend** on completed projects of £325k. This mainly relates to the Coal Orchard construction project.

11.8 The capital outturn position is also reporting **proposed capital budget returns** of £1.172m. This mainly relates to £600k of North Taunton Equity Loans that were not required and £491k largely related to the intersection at Trenchard Way which has now been included within budget provisions in another scheme as part of the overall Firepool development.

11.9 The total budget to be **carried forward** into 2023/24 and future years is £67.499m.

12 Links to Corporate Strategy

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

13 Scrutiny Comments / Recommendations

13.1 This report will be considered by Corporate Scrutiny on 7th September 2023. A summary of the comments and recommendations discussed will be provided here for the Executive to consider.

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Housing Revenue Account Financial Monitoring - Outturn Position 2022/23**Report Author: Kerry Prisco (Management Accounting and Reporting Lead)****1 Executive Summary**

- 1.1 This report contains information related to Somerset West and Taunton Council's (SWT) Housing Revenue Account's (HRA) financial performance for the 2022/23 financial year. The outturn figures included are provisional subject to the completion of the external audit of the statutory financial statements. The audit is due to be completed between July and September with the findings due to be reported to the Audit and Governance Committee on 27th September this year.
- 1.2 The **revenue outturn position** for the financial year 2022/23 is as follows:
- 1.3 The Housing Revenue Account (HRA) Revenue Outturn position for 2022/23 is a net overspend of £227k (0.8% of gross income).
- 1.2 The significant reasons for the variance being reported include:
- 1.3 **Depreciation:** the overspend of £1.420m relates to a combination of a technical accounting update requiring components to have a maximum useful life of 70 years, as well as an increase in year-end 'existing use' valuations driven by the effects of economic conditions impacting upon house price inflation.
- 1.4 **Capital Debt Repayment:** the underspend of £1.021m was a strategic financial decision to offset the adverse variation on depreciation described above. The Council still made a voluntary repayment provision using existing capital receipts.
- 1.5 **Maintenance:** the overspend of £455k 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).
- 1.6 **Tenancy Management:** the overspend of £339k relates to an increase in staffing costs due to additional resources required to manage the increasing number of cases raised by tenants following the aftermath of COVID.
- 1.7 **Net Interest Receivable:** due to the reduction in estimated spend on the capital programme and favourable treasury management activities, the HRA received net interest on reserves in excess of the capital financing requirement of £317k.
- 1.6 The **reserves position** for 2022/23 is as follows:
- 1.7 The **unearmarked reserves** are projected to be £2.986m which is £986k above the recommended minimum balance of £2m.

- 1.8 The **earmarked reserves** are projected to be £258k.
- 1.8 The **capital outturn position** for 2022/23 is as follows:
- 1.9 The **actual spend** on the HRA Capital Programme during 2022/23 was £18.532m.
- 1.10 A **budget return** of £8.814m is being proposed across the HRA Capital Programme. Section 7.5 provides more information.
- 1.11 A **carry forward** of £85.849m is being proposed for schemes in 2022/23 and future years.

2 Background and Full details of the Report

- 2.1 This report informs Members of SWT's financial outturn (a comparison of net spending against the budget for the year) for revenue and capital budgets in 2022/23 for the Council's Housing Revenue Account (HRA).
- 2.2 Community Scrutiny and the Executive have received quarterly budget monitoring reports throughout the year which have highlighted variances from budgets and comments from the budget holders, as well as summarising the main risks and uncertainties as explained above.
- 2.3 The outturn figures contained in this report are provisional at this stage. The financial outturn has been taken into account when preparing the Council's Draft Statement of Accounts, which is due to be approved by the Assistant Director – Finance (S151 Officer) at the end of June and is now subject to review by the Council's External Auditor. Should the External Auditor identify the need for any changes to the Accounts these will be reported to the Audit and Governance Committee on 27th September this year.

3 HRA Revenue Outturn Position

- 3.1 The HRA is a ring-fenced, self-financing, account used to manage the Council's housing stock of 5,652 properties during the year, with the Council acting as the Landlord.
- 3.2 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.
- 3.3 **Revenue Outturn Position:** The revenue outturn position for the financial year 2022/23 for the HRA is a net overspend of £227k (0.8% of gross income). Table 1 below shows a high-level summary of the revenue outturn against budget.

Table 1: HRA Revenue Outturn Summary

	Current Budget	Outturn	Variance	
	£000	£000	£000	%
Gross Income	-28,282	-27,944	338	1.2%
Service Expenditure	16,611	16,716	106	0.4%
Other Operating Expenditure & Income	11,672	11,454	-217	-0.8%
Variance	0	227	227	0.8%

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

Table 2: Summary of Outturn Variances

	Current Budget £000	Outturn £000	Outturn	Q3	Q2	Q1
			Variance £000			
Dwelling Rents	-25,581	-25,430	150	-46	-54	-139
Non-Dwelling Rents	-767	-703	64	58	16	49
Charges for Services / Facilities	-1,649	-1,537	111	93	106	-2
Other Income	-286	-274	13	-43	16	14
Sub-Total Gross Income	-28,282	-27,944	338	60	84	-78
Service Expenditure:						
Development & Regeneration	60	-16	-76	27	-15	-5
Community Resilience	158	143	-15	0	0	-6
Tenancy Management	2,985	3,324	339	212	248	186
Maintenance	5,640	6,085	445	442	320	496
Assets	420	342	-79	-78	-24	-1
Capital Investment	563	333	-230	-196	-262	14
Compliance	1,829	1,695	-134	-127	-115	-150
Performance	4,954	4,810	-144	-286	-236	31
Pay Award Shortfall	0	0	0	0	0	269
Sub-Total Service Expenditure	16,611	16,716	106	-7	-82	834
Central Costs / Movement in Reserves:						
Revenue Contribution to Capital	0	0	0	0	0	0
Interest Payable	2,883	2,714	-69	-95	-88	-94
Interest Receivable	-83	-330	-248	-348	11	83
Change in Provision for Bad Debt	180	-120	-300	0	0	0
Depreciation	7,800	9,220	1,420	1,322	1,427	0
Capital Debt Repayment	1,021	0	-1,021	-1,021	-1,021	0

Movement In Reserves	-129	-129	0	0	0	0
Sub-Total Central Costs / Movement in Reserves:	11,672	11,454	-217	-144	329	-12
Net Surplus (-) / Deficit for the Year	0	227	227	-91	330	745

Income

- 3.5 **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 outturn position for dwelling rent income is an under recovery against budget of £150k which is in part due to timings of RTB sales and higher levels of voids especially in temporary accommodation stock. This includes £69.4k of write offs during the year (see section 5).
- 3.6 **Non-Dwelling Rents:** the budgeted income for 2022/23 is £767k. The outturn position is an under recovery of 64k mainly due to the service being unable to reduce void levels as anticipated within the budget. The budget for 2023/24 has removed this expectation and is set based on current occupancy levels.
- 3.7 **Charges for Services / Facilities:** The budgeted income of £1.649m for 2022/23 includes (a) £1.406m for the Service Charge Income for Dwellings (after discounts have been applied to tenants such as Piper Charge to Sheltered Housing and Extra Care) less an average 2% void loss and applying a 52-week year, (b) £233k for Leaseholder Charges for Services, and (c) £10k for Meeting Halls.
- 3.8 The Leaseholder Charges for Services is forecasting an under recovery of income of £109k. The leaseholds are invoiced a year in arrears. The routine repairs continued to be low again last year due to COVID and lockdown. The major repairs were also lower and capped at £250 again.

Expenditure

- 3.9 **Development & Regeneration:** A new budget was added for 2022/23 to support the Social Housing Development Fund bids and production of the Retrofit Strategy. The bid, if successful, will provide significant subsidy to support the delivery of the zero-carbon retrofit programme. These funds were, in the end, not required, and the budget has since been removed from the budget for 2023/24.
- 3.10 **Tenancy Management:** This area covers lettings, supported housing, rent recovery, leaseholders, and other tenancy management support activities. The total current budget is £2.985m and it is forecasting an overspend of £339k. 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 and the pay award. 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.

- 3.11 **Maintenance:** The majority of this 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. Since the Q1 report, and in light of the predicted overspend, the opportunities for capitalisation have been revisited and maximised within the code of practice.
- 3.12 **Assets:** This variance relates the £90k budget estimate for 2022/23 on SAP EPCs and Stock Validation which are now being covered and paid for as part of the majors and improvement capital programme. This change has been reflected in the budgets for 2023/24.
- 3.13 **Capital Investment:** The Capital Investment Team are responsible for driving the delivery of the Majors and Improvement capital programme. Since the Q1 report, and in light of the predicted overspend, the opportunities for capitalisation have been revisited and these salary costs are now being capitalised. This saving is offset in part by an overspend on pre-planned maintenance costs where previous years painting and cyclical repairs were delayed, so some additional costs have been incurred this year for repairs to previously painted surfaces, due to their deterioration.
- 3.14 **Compliance:** The outturn position is an underspend of £134k. Following a validation of apparatus / installations on site, the service identified that the previous data estimations were greater than those required in year. The compliance budget for 2023/24 has been updated with new budget estimates.
- 3.15 **Performance:** Of the total budget of £4.954m, £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.
- 3.16 The forecast underspend of £144k mainly relates to a £380k favourable adjustment following the completion of a thorough review of the non-staff related cost apportionments between the General Fund and Housing Revenue Account (HRA), to ensure this reflects the up-to-date position and reasonable assumptions around the relative use of resources. This is offset by staffing pressures related to the senior management team job evaluation and performance team restructure, as well as procurement support.

Central Costs and Movements in Reserves

- 3.17 **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 £69k.
- 3.18 **Interest Receivable:** The reduction in the capital outturn position (see section 8) compared to the original projections has reduced the current year capital financing requirement for the HRA. Therefore, with investments exceeding the capital financing requirement, this has resulted in internal investment income of £247.5k above budget.
- 3.19 **Change in Provision for Bad Debt:** This is a technical accounting entry which considers the year end arrears position and makes a provision within the accounts for the possibility of non-payment. This will change year-on-year depending on the level of arrears held at the end of each financial year and the aged profile of the arrears. This year the change in expected credit losses (provision for bad debt) has decreased by £120k which is an underspend of £300k against the budget of £180k.
- 3.20 **Depreciation:** Depreciation is transferred to the Major Repairs Reserve (MRR) and must be used to fund the capital programme and/or repay capital debt.
- 3.21 In prior years, elements of the depreciation calculation saw some components of the assets having a useful life over 100 years. For 2021/22 there was a recommended technical accounting update requiring components to have a maximum useful life of 70 years. This was applied to the calculation for 2021/22 resulting in an increase in the dwelling depreciation charge. This financial impact was managed strategically in 2021/22 by reducing the voluntary repayment of debt through the revenue account and replacing this with existing capital receipts to eliminate the financial impact on repaying debt as well as the impact on the revenue account.
- 3.22 Due to timings of the annual budget preparation, this technical accounting update was not applied to the budget estimates for depreciation for 2022/23. As such the outturn position is an overspend against budget of £1.420m. This is not only due to the technical accounting update but also the increase in year-end "existing use" valuations, which are driven by the effects of economic conditions impacting upon house price inflation.
- 3.23 This financial impact will again be managed strategically by offsetting this pressure in part against the voluntary repayment of debt through the revenue account (see below) and replacing this with existing capital receipts to eliminate the financial impact on repaying debt as well as the impact on the revenue account. The budget for 2023/24 has been updated to reflect this pressure.
- 3.24 **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. The budget of £1.021m is being used to offset the adverse variance on the depreciation charge as described above. The Council still made a voluntary repayment provision using existing capital receipts to the value of £1.821m.

4 HRA Debt Write Off During the Year

- 4.1 The total amount of debtor write-offs made during 2022/23 amounted to £69.4k and relates to dwelling rental income, non-dwelling rental, and other charges such as repairs and court costs. Of this there were no individual customers where individual debts greater than £25,000 that were written off.

5 HRA Earmarked Reserves

- 5.1 The HRA Earmarked Reserves at the beginning of 2022/23 totalled £54k (see **Table 3** below); during the year net transfers of £204k have increased reserves to £258k. 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
One Teams	6	-6	0
Hinkley – Home Moves Plus	48	-14	34
Climate Change Grant - Electric Vehicles	0	77	77
Hinkley – Community Grants	0	130	130
Tenant Satisfaction Grant	0	17	17
Total	54	204	258

6 HRA Unearmarked Reserves

- 6.1 The table below summarises the movement on the HRA unearmarked reserves during the year.

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
Provisional Outturn 2022/23		-227
Projected Balance 31 March 2023		2,986
Recommended Minimum Balance		2,000
Projected Balance above Minimum Reserve Balance		986

- 6.2 The HRA unearmarked reserves at the start of the year were £3.413m. This is £1.413m above the minimum recommended reserve level of £2m. Remaining at or above these targets provides added financial resilience to in year pressures through volatility and unforeseen cost increases and income reductions.
- 6.3 Unearmarked reserves have decreased by £200k to support the base budget for 2022/23 and a further £227k to fund the overspend outturn position.
- 6.4 The balance as at 31 March 2023 (subject to audit) is £2.986m, which is £986m above the recommended minimum balance of £2m. The projected balance on reserves as at 31 March 2023 provides sufficient capacity to support the approach of the Medium Term

Financial Plan which incorporates the planned use of £380k of reserves to support the 2023/24 budget.

- 6.5 Whilst this reduces reserves to only £606k above the minimum balance, the unearmarked reserves of Somerset West and Taunton and Sedgemoor District Council will be combined from the 1 April 2024 and will together provide further financial resilience and flexibility for management and members to mitigate short term pressures within the HRA.

7 HRA Capital Outturn Position

- 7.1 A summary of the HRA Capital Outturn position can be found in Table 5.
- 7.2 The HRA **approved Capital Programme** at the end of 2022/23 is £110.9m. This consists of £14.4m of new schemes approved for 2022/23 plus £95m of previously approved schemes in prior years and a supplementary budget of £1.5m. The HRA Capital Programme relates to in-year works and longer-term schemes that will be completed over the next nine years. The Council proposes to finance this investment through the Major Repairs Reserve, Capital Receipts, Capital Grants and Borrowing.
- 7.3 The **actual spend** on the HRA Capital Programme during 2022/23 was £18.532m. The major areas of capital spend during the year related to the capital maintenance for the existing housing stock and the development of new stock. The Council is financing this investment through the Major Repairs Reserve, Capital Receipts, Capital Grants and Borrowing.
- 7.4 The capital outturn position is reporting an **overspend** of £2.295m. Of this £2.108m was spent on major works such as voids, electrical testing, and community alarms, which were funded from underspends / budget returns on other major works schemes. In addition, £187.1k of expenditure relates to the fully funded property purchase and refurbishment of properties reserved for temporary accommodation under the Rough Sleepers Action Programme (RSAP).
- 7.5 The capital outturn position is also reporting **proposed capital budget returns** of £8.814m. The Housing Senior Management Team have reviewed projected capital expenditure and are confident that the remaining capital slippage and new approved budget for 2023/24 will be sufficient to meet the capital asset management plan over the next 12 months. These budget returns will positively impact the financial position of the HRA's 30-Year Business Plan and the Council's treasury management strategy.
- 7.6 The total budget to be **carried forward** into 2023/24 and future years is £85.849m. There was also £11.948m of new capital budget approved by Full Council on 22 February 2023. This gives a total approved capital budget of £97.797m to be spent in 2023/24 and future years.

8 HRA Right To Buy (RTB) Capital Receipts

- 8.1 The RTB scheme is a government scheme that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. During 2022/23 the Council sold 28 homes through the RTB Scheme.
- 8.2 Through a “1-4-1 Agreement” with the Treasury / DLUHC, the Council can retain a small proportion of these RTB receipts and use them to fund new social housing. From the 1 April 2021, the Government issued a policy change allowing these receipts to now account for up to 40% (previously 30%) spend on new social housing costs, with the remaining 60% coming from other funds such as revenue funding or borrowing.
- 8.3 This policy change also increased the timeframe that these receipts must be spent to five years (previously 3 years) of the capital receipt or returned to Government with interest at 4% over base rate from the date of the original receipt. To date, the Council has successfully spent all of their retained 1-4-1 receipts with no returns being made to the Treasury / MHCLG.
- 8.4 During the financial year 2022/23 the total attributable spend on eligible RTB schemes was £4.636m. This was spent on a variety of social housing development schemes.

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 Scrutiny Comments / Recommendations

- 10.1 This report will be considered by Scrutiny on 7th September 2023. A summary of the comments and recommendations discussed will be provided here for the Executive to consider.

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Table 5: HRA Capital Outturn Position

SWT Capital Programme	Total Approved Budget as at 31 March 2023	Actual Capital Outturn 2022/23	Under (-) /Overspend on completed projects	Underspend - Budget no longer required	Remaining Approved budget (ongoing projects)	Net 2022/23 Budget Additions Approved (Feb 2023)	Total Approved Budget 2023/24 and future years
Major Works	14,946,968	5,870,204	2,107,740	(7,985,138)	3,199,366	10,867,970	14,067,336
Fire Safety	3,573,637	3,199,966	0	0	373,671	150,000	523,671
Related Assets	120,000	55,601	0	(64,399)	0	50,000	50,000
Exceptional & Extensive	350,000	208,832	0	(141,168)	0	300,000	300,000
Vehicles	220,000	0	0	(220,000)	0	0	0
ICT & Transformation	551,405	266,267	0	(200,000)	85,138	210,000	295,138
Aids & Adaptations & DFGs	370,000	201,290	0	(168,710)	0	370,000	370,000
Sub-Total Majors & Improvements	20,132,010	9,802,160	2,107,740	(8,779,415)	3,658,175	11,947,970	15,606,145
Social Housing Development	90,768,617	8,729,891	187,175	(34,805)	82,191,096	0	82,191,096
Total HRA	110,900,627	18,532,052	2,294,915	(8,814,219)	85,849,271	11,947,970	97,797,241

Note: The approved budget for future years includes all Social Housing Development schemes approved for their duration plus one year of major works and improvements.

Somerset West and Taunton Council Reserves

Appendix 4b

Reserve	Balance as at 01/04/2022	Transfers from Reserve	Transfers to Reserve	Balance as at 31/03/2023
	£000	£000	£000	£000
General Fund Reserves				
General Fund Reserves	7,592	0	3,876	11,468
Total General Fund Reserves	7,592	0	3,876	11,468
Investment Risk Reserve	3,151	-114	1,003	4,040
Business Rates Smoothing Reserve	5,353	-3,227	1,397	3,523
Capital Financing Reserve	1,413	-814	1,172	1,771
COVID - S31 Business Rates TIG	2,498	-1,602	0	896
Garden Village	979	-413	134	700
Investment Properties Sinking Fund	500	0	200	700
SWP 22-23 Year End Balances	0	0	492	492
Strategic Housing Market Area Assessment	497	-39	0	458
Toneworks Heritage Site 2	166	-157	427	436
Rough Sleepers Initiative	3	-17	265	251
Asset Management - General	519	-304	0	215
LGR Implementation Costs	0	0	215	215
Self Insurance Fund	200	0	0	200
Economic Development & Growth Initiatives	643	-486	0	157
Phosphate Management Strategy	0	0	135	135
Steam Coast Trail	118	-24	40	134
Local Plan Development and Inspection	126	0	0	126
LG Cyber Security Fund Grant	0	0	100	100
Blue Anchor Csum 60yr Covenant	94	0	0	94
COVID - Council Tax Hardship Fund	84	0	0	84
Flood Project - EA	0	-60	144	84
Coal Orchard Warrant	0	-112	185	73
Flood Project - SRA	0	-165	200	35
Carry Forwards	2,075	-2,075	0	0
Homelessness Prevention	684	-684	0	0
New Homes Bonus Reserve	171	-171	0	0
Transformation / Internal Change Reserve	141	-141	0	0
COVID - S31 Council Tax TIG (income guarantee)	34	-34	0	0
COVID - S31 Business Rates Holiday Grant	5,811	-5,811	0	0
Commercial Investment Financing Fund	2,000	-2,000	0	0
Other Earmarked Reserves	730	-306	397	821
Total Earmarked Reserves	27,990	-18,756	6,506	15,740

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SWT Capital Programme	Total Approved Budget as at 31 March 2023	Actual Capital Outturn 2022/23	Under (-) /Overspend on completed projects	Underspend - Budget no longer required	Remaining Approved budget (ongoing projects)	Net 2022/23 Budget Additions Approved (Feb 2023)	Total Approved Budget 2023/24 and future years
Development and Place	64,919,836	7,162,100	336,806	-571,279	57,523,263	0	57,523,263
External Operations and Climate Change	8,338,737	2,516,383	-39,437	0	5,782,917	0	5,782,917
Housing & Communities	5,249,022	820,185	0	-600,000	3,828,836	0	3,828,836
Internal Operations	126,771	138,175	11,407	-4	0	0	0
Hinkley Capital Schemes	130,005	30,000	0	-5	100,000	0	100,000
S106 Capital Schemes	728,757	481,325	16,666	0	264,096	0	264,096
Total GF	79,493,128	11,148,168	325,442	-1,171,288	67,499,113	0	67,499,113

Financing of the 2022.23 SWT Capital Programme

SWT Capital Programme	Actual Outturn 2022/23	Capital Grants CIL	Capital Grants Other	Section 106 Agreements	Capital Receipts	Other Earmarked Reserves	Borrowing
Development and Place	7,162,100	1,479,163	3,109,227	397,160	1,207,722	813,486	155,343
External Operations and Climate Change	2,516,383	0	51,817	0	346,933	76,346	2,041,287
Housing & Communities	820,185	0	569,978	63,312	186,895	0	0
Internal Operations	138,175	0	0	0	138,175	0	0
Hinkley Capital Schemes	30,000	0	30,000	0	0	0	0
S106 Capital Schemes	481,325	0	0	481,325	0	0	0
Total GF	11,148,168	1,479,163	3,761,022	941,798	1,879,725	889,832	2,196,629

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1. Executive Summary

This report is the final report for the financial year 2022/23 and outlines the outturn position for revenue (including overall delivery on savings, transformation, and additional income plans), capital, and reserves.

a. Revenue Budget

After accounting for all service expenditure and contingencies the final outturn position is £19.106m against a net budget of £19.781m. This gives a £0.676m underspend which represents a favourable variance of 3.42%. Overall, there has been a £0.259m favourable movement since the position as at 31 December 2022.

Table 1 provides a summary of budget, projections, and variances on a service-by-service basis with further detail and mitigations that were taken by the responsible director outlined in the body of the report.

	Outturn Position - 2022/23		
	Budget	Actual	Variance
Chief Executive	£1,948,130	£2,086,150	£138,020
Commercial Services	£2,078,190	£3,047,240	£969,050
Place & Recovery	£546,750	£900,896	£354,146
Strategy & Support Services	£10,903,430	£8,580,960	(£2,322,470)
Service Delivery	£4,304,770	£4,490,435	£185,665
Net Budget	£19,781,270	£19,105,680	(£675,590)

The significant variances were:

Commercial Services & Income Generation

- **Streetscene** - a £0.427m adverse variance against the service budget (22% of service budget); a deterioration of £0.150m from quarter 3.
- **Commercial Property** - a £0.684m adverse variance against the service budget (11% of service budget); no variance was anticipated at quarter 3.

Place & Recovery

- **Regeneration** - a £0.330m adverse variance against their budget. This budget is funded from an earmarked reserve, a decision was taken to protect the reserve position of the new council. Therefore, the anticipated reserve transfers didn't take place in year. This decision was taken in the last quarter of 2022/23.

Strategy & Support Services

- **Sports Facilities** - a £0.233m favourable variance against the service budget (25% of service budget); a deterioration of £0.150m from quarter 3.
- **Finance Corporate Costs** - a £0.232m favourable variance against the service budget (23% of service budget); a deterioration of £0.293m from quarter 3.

- **Support Service Lead Specialists** - a £0.247m favourable variance against the service budget (58% of service budget); a deterioration of £0.198m from quarter 3.

a. Capital Programme

The year-end forecast position as reported at quarter three, was £21.258m. This report shows the outturn position for 2022/23 of £17.776m. The Capital Programme for Somerset Council was based on the predicted outturn as at quarter 2 for all Somerset Authorities. Appendix 5b outlines the 2022/23 budget with the final expenditure for 2022/23 shown against each project and a request if needed to carry forward some or all of the remaining budget into 2023/24 along with the financing requirement. Detail of the reasons behind the variances can be found within the capital programme section of this report.

4. Background

Full Council approved the revenue budget of £19.714m for 2022/23 in February 2022. Budget monitoring is delegated to Executive and Scrutiny and revenue service reports have been presented regularly with a full overview of revenue and capital quarterly. This report outlines the final year-end position of services against the 2022/23 revised budget, approved at Full Council in December 2022 of £19.781m (the current budget includes carry forwards and reserve movements) as at the end of March 2023.

General Fund Revenue Budget

5. Final Outturn Position

Table 2 shows the final outturn position against the current budget.

	Outturn Position - 2022/23		
	Budget	Actual	Variance
<u>Expenditure</u>			
Employees	£22,101,640	£21,404,577	(£697,063)
Premises	£4,366,660	£4,384,187	£17,527
Transport	£725,220	£818,484	£93,264
Supplies & Services	£9,915,990	£10,957,205	£1,041,215
Third Party Payments	£18,378,850	£17,252,127	(£1,126,723)
Housing Benefits payments	£27,348,150	£25,657,087	(£1,691,063)
Capital Financing	£3,729,970	£3,439,768	(£290,202)
Revenue Reserve transfers	(£2,746,930)	(£1,614,668)	£1,132,262
	£83,819,550	£82,298,767	(£1,520,783)
Income	(£64,038,280)	(£63,193,087)	£845,193
Net Budget	£19,781,270	£19,105,680	(£675,590)

Employees

There is a significant underspend due to several posts being vacant across the authority for a significant period. The spend on agency staff has increased during the year due to challenges of recruiting due to LGR. The underspend is the variance after taking account of the additional cost incurred when using agency staff.

Transport

The budget was overspent at year end, this is due to cost of fuel remaining high. Additional expenditure has been incurred in respect of purchase of equipment, these purchases cannot be capitalised due to the low value but in this budget will be exceeded at year end.

Supplies and Services

This category of expenditure covers a wide range of costs with the year end position being an overspend of £999k, this is due to a combination of several factors including:

- There are running costs in respect of the elections in May 2022 of £309k, however the income to offset this overspend has been received from Somerset County Council and the relevant Parish Councils so the net position is nil.
- There is additional spend in respect of consultants and legal fees.
- There is additional spend in respect of network charges, software and hardware maintenance. An element of the additional costs has been partially offset by underspends on rental and copy charges, and telephony related costs.
- Additional costs have been incurred in respect of the 2020/21 external audit of accounts. The final audit fee has been reviewed and agreed by the Public Sector Audit Appointments board and the additional costs have been included in the figures being reported.

Third Party Payments

There is an underspend, this partially relates to Council Tax Rebate payments. In total, the Council received £9.3m funding for the payments and at year end spent of £8.5m. The balance of the funding received will be repaid to Central Government in 2023/24.

Other spend in this group relates to the contractual payments to the Leisure facilities contractor and payments in respect of Somerset Waste Partnership.

The budget in respect of Waste and Recycling was revised as part of the quarter two budget review. The budget was revised to incorporate the projected underspend for the Council as advised by the waste partnership.

Housing Benefit payments

At the end of the financial year there was an underspend of £1.691m, it was anticipated at quarter 3 that the payments would be in line with budget.

Capital Financing

There is an underspend on the capital financing budgets, the budget in respect interest payable on external borrowing was increased to reflect the interest in increase rates and the level of external borrowing that is required to fund an element of the capital programme.

Whilst higher rates of interest are being incurred, the level of external borrowing was less than anticipated resulting in an underspend on the budget.

Revenue Reserve transfers

The approved budget included a significant amount of funding from earmarked reserves to fund various expenditure items. These would generally be to fund employee costs or project expenditure. The required funding from the various reserves is less than anticipated due to posts being vacant or the project work not progressing as anticipated. The unused funding will remain in the earmarked reserve and will transfer to the new authority from 1 April 2023.

Government Grants

The budget variance mainly relates to Housing Benefits Subsidy that the Council receives towards the Housing Benefit payments. The subsidy is paid based on an estimate of the value of housing payments that will be made during the year. Any shortfall in income received during the year will be recouped at the end of the financial year once the final claim is submitted.

Other grants and contributions

Much of the year end variance in this area is in relation to the grant received to the fund the spend on the cost of elections held in May 2022.

Sales

The income from sales exceeded the budget, this is due to the income at the Octagon Theatre and Westlands Entertainment Centre exceeding the annual budget.

Fees and charges

The year end variance in respect of fees and charges relates a number of income sources:

- Horticulture – income on this area was significantly less than the annual budget
- Development Services – The fee income in respect of planning application fees was less than the budget.
- Recycling – income from recycling credits was less than budgeted
- Car Parking – income parking fees exceeded the budget
- Rental income – income receivable for rental and service charges in respect of commercial and operational properties was less than the annual budget.
- Miscellaneous income – a significant amount of additional income was received in year, with income to fund the cost of elections and a dividend payment was received from a council owned company which is partly owned.

Investment income

The investment income was higher than the budget with a surplus of £369k. Most of the additional income is in respect of loan repayments from the Council's partly owned company.

6. Carry Forward Requests

There are no carry forward requests

7. Impact on General Fund Reserves

The final underspend of £0.676m will be transferred to General Fund Balances. The general fund balance as at 31 March 2023 for South Somerset District Council is £6.232m

8. Table 3 Service Details of year end position

	Outturn Position - 2022/23		
	Budget	Actual	Variance
Chief Executive	£1,948,130	£2,086,150	£138,020
Commercial Services	£2,078,190	£3,047,240	£969,050
Place & Recovery	£546,750	£900,896	£354,146
Strategy & Support Services	£10,903,430	£8,580,960	(£2,322,470)
Service Delivery	£4,304,770	£4,490,435	£185,665
Net Budget	£19,781,270	£19,105,680	(£675,590)

Chief Executive Table 4

	Annual Budget	Actual	Variance
Employees	£1,639,820	£1,654,895	£15,075
Transport	£2,100	£2,342	£242
Premises	£0	£8,143	£8,143
Supplies & Services	£800,170	£914,724	£114,554
Third Party Payments	£20,000	£20,000	£0
Use of Balances	(£513,960)	(£513,954)	£6
Income	£0	£0	£0
Net Budget	£1,948,130	£2,086,150	£138,020

The spend in respect of consultants and professional fees exceeded the budget by £115k. The remaining overspend was in respect of employees budgets with employer pension contributions and agency staff costs being overspent.

Commercial Services – Table 5

	Annual Budget	Actual	Variance
Employees	£5,454,520	£5,468,368	£13,848
Premises	£3,889,480	£3,868,035	(£21,445)
Transport	£539,200	£653,524	£114,324
Supplies & Services	£3,018,850	£3,531,599	£512,749
Third Party Payments	£6,871,270	£6,796,460	(£74,810)
Capital Charges	£104,760	£109,755	£4,995
Use of Balances	(£157,940)	£59,523	£217,463
Income	(£17,641,950)	(£17,440,025)	£201,925
Net Budget	£2,078,190	£3,047,240	£969,050

The overspend in this directorate is in a number of budget areas, the main areas of overspend are detailed below:

- **Transport Costs** – Fuel costs exceeded the budget due to the higher fuel prices in year
- **Supplies & Services** – Performance costs, provisions for café and bar and adverts and promotion costs at the Westlands Entertainment Centre and Octagon Theatre were more than the annual budget (£370k). This additional spend was more than offset by additional income from ticket sales for performances at the venues.

The spend in respect of consultants and professional fees across the service areas in the directorate was more than the budget. The major overspend was in the Property Services area (£133k).

- **Income** – The income budget for the directorate is in the region of £17.64m, there was a £202k shortfall against the budget which is a 1.14% variance. Some of the sources of income that exceeded the budget were Car Parking fees, Admission charges and sale of provisions at Westlands and the Octagon Theatre

Place and Recovery – Table 6

	Annual Budget	Actual	Variance
Employees	£427,410	£492,184	£64,774
Transport	£1,150	£1,758	£608
Premises	£0	£850	£850
Supplies & Services	£778,310	£872,865	£94,555
Use of Balances	(£593,120)	(£280,125)	£312,995
Income	(£67,000)	(£186,637)	(£119,637)
Net Budget	£546,750	£900,896	£354,146

- **Regeneration** - a £0.330m adverse variance against their budget. This budget is funded from an earmarked reserve, a decision was taken to protect the reserve position of the new council. Therefore, the anticipated reserve transfers didn't not take place in year. This decision was taken in the last quarter of 2022/23.

Strategy & Support Services – Table 7

	Annual Budget	Actual	Variance
Employees	£6,541,990	£6,257,925	(£284,065)
Transport	£47,690	£36,599	(£11,091)
Premises	£384,990	£408,583	£23,593
Supplies & Services	£3,297,410	£3,282,455	(£14,955)
Third Party Payments	£961,740	£738,226	(£223,514)
Capital Charges	£3,625,210	£3,330,013	(£295,197)
Use of Balances	(£465,250)	(£345,309)	£119,941
Income	(£3,490,350)	(£5,127,532)	(£1,637,182)
Net Budget	£10,903,430	£8,580,960	(£2,322,470)

- **Employees** – A significant element of the underspend is in respect of salaries and pension costs due to vacant posts; this has been partially offset by additional costs being incurred in respect of agency staff.
- **Third Party Payments** – The contractual payment to the Leisure Facilities operator was less than the budget.
- **Capital Charges** – The interest payable on external borrowing was less than the budget. This is due to less external borrowing being required than anticipated in year and the impact of interest rate increases not being reflected in spend until the latter part of the financial year.
- **Income** – The interest receivable on investments was more than the budget. This is partially due to the interest on lending to third parties being more than budgeted.

There was also a significant amount of miscellaneous income received with income to fund the cost of elections and a dividend payment being received from a partly owned council company.

Service Delivery – Table 8

	Annual Budget	Actual	Variance
Employees	£8,037,900	£7,531,205	(£506,695)
Premises	£92,190	£98,577	£6,387
Transport	£135,080	£124,261	(£10,819)
Supplies & Services	£2,021,250	£2,355,562	£334,312
Third Party Payments	£10,525,840	£9,697,440	(£828,400)
Payments to Clients	£27,348,150	£25,657,087	(£1,691,063)
Use of Balances	(£1,016,660)	(£534,803)	£481,857
Income	(£42,838,980)	(£40,438,894)	£2,400,086
Net Budget	£4,304,770	£4,490,435	£185,665

- **Employees** – A significant element of the underspend is in respect of salaries and pension costs due to vacant posts, this has been partially offset by additional costs being incurred in respect of agency staff.
- **Supplies & Services** – The expenditure on consultants and professional fees in respect of Development Control exceeded the budget.

An element of work was outsourced to a company due to not having the capacity to carry out the work internally, this resulted in additional spend but was more than offset by the saving employee costs. The budget for housing the homeless was exceeded due to the demands on the service.

- **Third Party Payments** – The underspend in this area relates to the Council Tax Rebate Scheme. The Council received £9.3m funding for the payments and at year end spent of £8.5m. The balance of the funding received will be repaid to Central Government in 2023/24.
- **Payments to Clients** - At the end of the financial year there was an underspend of £1.691m in respect of Housing Benefit payments, it was anticipated at quarter 3 that the payments would be in line with budget.
- **Income** – The majority of the variance relates to the budget in respect of Housing Subsidy grant receivable.

9. Reserves Outturn Position

The Council holds reserves in two forms:

- The General Fund to mitigate against unforeseen spends or major unexpected events
- Earmarked Reserves held for specific purposes and to mitigate against future know or predicted liabilities and resilience.

There is no formal guidance that sets appropriate levels of reserves although general practice is to set General Fund Reserves at a minimum of 5% of the net budget. This would be approximately £0.990m. However, a more refined assessment was made taking into account sensitivity analysis and risks to the budget the minimum balance required was assessed as being £2.8m for the Council.

If Members approve the contribution approved legacy General Fund Reserves to be carried forward to Somerset Council will be £6.8m for 2023/24. A summary of the overall position has been outlined in the overview report. The position of all Earmarked Reserves is outlined in Appendix 5a.

10. Capital Outturn Position

The year-end position of the Council's capital programme saw expenditure of £17.776m against an overall budget of £21.258m, giving an in-year variance of £3.482m. Somerset Council set the capital programme in February 2023 based on quarter 2 predictions. A number of projects have since been added and amended in quarter 3 and quarter 4 and members are requested that these are added to the Somerset programme:

Table 9: Revised 2022/23 Capital Programme (excluding any virements between approved budgets)

	£000s
Agreed capital budget as at Quarter Two	21,258
Proposals made in this report:	
- Increase in Area Committees' budget for S106 Funded Projects	115
- Increase to include Yeovil Rec - J O'Donnell Pavilion upgrade	4
- Reprofiling (Brought forward) of Projects	1,985
- Reprofiling (Slippage) of Projects	(3,870)
- SWP Loan	(1,039)
- Removal of Contingency	(677)
Subtotal	(3,482)
Revised 2022/23 Capital Programme Budget	17,776

Table 10: 2022/23 Corporate Capital Contingency allocation.

Detail	Approvals 2022/23 £000's
Corporate Capital Contingency Opening Balance	4,000
Decarbonisation of Operational Buildings – May 22 DX Report	(350)
Digital Capital Reserve Programme 2022/23 – March 23 DX Report	(40)
Isuzu - Dog waste collection vehicle – March 23 DX Report	(49)
Leisure Centre Capital Works – May 22 DX Report	(665)

Market Towns Vision – March 23 DX Report	(10)
Millers Garage – August 22 DX Report	(203)
Sherwood Road, Bromsgrove (Commercial Investments) SLT	(52)
Wincanton Regeneration Public Realm – July 22 DX Report	(260)
Wincanton Regeneration Public Realm – September 22 DX Report – return of amount back to Corporate Capital Contingency Budget	260
Yeovil Crematorium Refurbishment – August 22 DX Report	(165)
Yeovil Refresh – August 22 DX Report	(891)
Yeovil Refresh – January 23 DX Report	(821)
Yeovil Small Business Centre Roof Renewal – made under Chief Executive delegation as emergency works	(20)
Digital Upgrade of Yeovil Town Centre CCTV Cameras	(3)
Market Towns Vision	(1)
Digital Capital Reserve Programme 2022/23	(50)
Merriott Tythe Barn	(3)
Subtotal of Corporate Capital Contingency Drawdowns	(3,319)

Commercial Services & Income Generation

1. **Yeovil Crematorium Refurbishment** – The outturn for 2022/23 is £0.496m with a further £0.587m of the remaining budget to be used for the final instalments to the cremator, committed costs on the construction project, planned works to provide for capacity needs in the Garden of Remembrance and limited short term repair needs with the main building project.
2. Implementation Executive for the new Somerset Council has decided in its budget work to pause the main building extension and refurbishment project subject to an updated business case being submitted to the Somerset Council next year for implementation 2024/25 and beyond. The sum of £3.367m which was allocated for 2023/24 has therefore been re-profiled to 2024/25.
3. Principal work this year has been the total renewal of the cremators and installation of Mercury Abatement equipment. The installation is now complete and fully functional with minor ancillary work being completed.
4. **Decarbonisation of Operational Buildings (PSDS) – Phase 1-** The outturn for 2022/23 is £1.380m.
5. £0.181m has been reprofiled in to 2023/24 due to the delay in the RIBA stage 4 designs and work not yet started on these sites.
6. The PSDS RIBA stage 4 designs have now been approved although even after value engineering it will not be possible to fully complete the project within budget.

7. Salix have confirmed grant funding of £2.612m which is £0.457m more favourable than our predicted worst-case situation reported in June. Salix have also extended the practical completion date to 31 December 2023 based on the previous uncertainty of the Sottish and Southern Electricity Networks power upgrade. However, dates for power upgrades at Wincanton and Goldenstones have now been confirm and works are expected to be completed in June. This will result in all new solar panels being fully operational. However, practical completion may slip again depending on whether funding can be found to cover the remaining project costs. We would expect Salix to agree to a further extension on the basis that the Authority is funding all outstanding works.

Regeneration and Place

8. **Yeovil Refresh Refurbishment** – The outturn for 2022/23 is £4.450m.
9. The major risks continue to be the inflationary pressure on the construction industry and the potential loss of FHSF (Future High Streets Funding) grant. We continue to monitor the contracts closely to identify any potential savings that could help to mitigate the rising cost of materials. We have also submitted a change request to DLUHC, which if successful, would help to secure the funding.
10. Key milestones for 2023/24:
 - Complete Westminster Street public realm.
 - Commence public realm works in High Street, the Borough and Middle Street.
 - Undertake procurement for the new cycleways to and around the town centre.
 - Secure planning permission for the big screen in the Triangle.
11. **Wincanton Regeneration** – The outturn for 2022/23 is £0.179m.
12. The Project has been deferred for a year pending a new business case that will be reviewed by Somerset Council. £0.018m of the 2022/23 budget has slipped into 2023/24 to cover any remaining committed costs from works carried out in the 2022/23. The remaining budget of £1.902m has been reprofiled into 2024/25.
13. **Somerset's Flagship Arts Venue (Octagon Redevelopment)** – The outturn for 2022/23 is £0.938m. If the final business case is approved, the project is expected to be completed in 2025/2026.

14. The development of Somerset's Flagship Arts Venue represents one of the largest cultural venue construction projects undertaken in Somerset. During 2022/2023 the project team completed RIBA Stage 3 and Stage 4 designs, secured planning permission and commenced the first stage of the procurement process.
15. Key milestones for 2023/24:
 - Complete stage 1 of procurement process
 - Complete stage 2 of procurement process and produce Final Business Case for review.
16. **Chard Regeneration** - The outturn for 2022/23 is £0.399m.
17. During 2022/2023 the public realm works were completed and the Building Repair & Shop Front Improvement Grant Scheme launched.
18. Progress has also been made to find a sustainable use for the Boden Mill site and an interested party has submitted a PID (Project Initiation Document) for external funding.
19. Key milestones for 2023/24:
 - Complete all grant awards by September 2023 and finalise all grant payments by March 2024.
 - Complete a review of the Culturally Chard consortium.
 - Undertake a Conservation Area Appraisal.
 - Closedown the HAZ project on 31st March 2024 and complete all monitoring and evaluation work.
20. **Affordable Housing** – The outturn for 2022/23 is £0.076m.
21. Passivhaus South Petherton - planning application approved later than expected and therefore work will not start until 2023/24.
22. Affordable Housing - North Street, Crewkerne – Planning delays and site issues has meant that the programme has been delayed and will not be starting onsite until 2023/24.
23. Affordable Housing - Bought not Built Allocation – Acacia Lodge was refused planning permission; therefore, we are grant legal agreements are being finalised and a replacement site is being sourced.

SERVICE DELIVERY

24. **Disabled Facilities Grants (DFG's)** - The outturn for 2022/23 is £1.691m.
25. This is an ongoing project funded by Central Government's Better Care Fund and will continue to be live until such time Central Government ends this scheme.
26. Due to the continued resource and contractor availability problem which is being felt across the entire Capital Programme. There is an SLA (Service Level Agreement) in place with Somerset Independence Plus to help try and address this. They are also engaged in helping SSDC align procedures and processes for Somerset Council which should help aid a smoother transition.
27. Work is in progress to address this and demand for DFGs continues to be high.

Support Services & Strategy

28. **Leisure Centre Capital Works** - The outturn for 2022/23 is £3.377m
29. Due to retention requirements, there will be a continued financial obligation up to 2024/25 which totals £0.384m which is part of the remaining £0.570m future estimated budget.
30. These works consist of introducing new gym equipment into the leisure centres alongside remodelling of the internal lay outs of the centres to increase exercise studio space and improve customer experience with the essential M&E replacements and upgrades that are required with the works being carried out.
31. As of May 2023, all works are complete with the exception of snagging items.

Area Committees and Area Funding

32. There was one Area Committee updates for Q4, which was for £0.006m for the Merriott Tythe Barn project. This was funded using the remaining unallocated Area West budget of £0.002m and a £0.003 from contingency.
33. The Unallocated budgets were approved in the February 2022 Budget Report and therefore have no impact on the overall capital programme total.

34. Eight additional projects have been identified in Q4 for 2022/23 which will be funded from Section 106 contributions.

Table 11 - S106 Additions for 2022/23

Project	Forecast 2022/23 £000's
- Broadway & Horton Cricket Club	28
- Broadway Church. Broadway	9
- Gainsborough Play Area, Milborne	5
- George Reynolds Centre Crewkerne	3
- Jarman Way, Chard - Play Area Equipment	6
- Keinton Mandeville Village Hall	31
- Martock Water St Rec Ground	30
- Redstart Play Equip, Chard	4
Total	115

Financing of the Capital Programme

Table 12: Financing of the Capital Programme

Funding Stream	Q2 Approved 2022/23 £000's	Q4 Updates 2022/23 £000's	Q4 Outturn 2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	Funding Stream Total £000's
Grants & Contributions	6,824	1,606	8,430	19,640	3,846	325	32,241
S106 Contributions	317	(123)	194	428	-	400	1,022
CIL	-	-	-	1,335			1,335
Usable Capital Receipts	1,307	(11)	1,296	1,620	410	-	3,326
Use of Loan Repayment	2,993	(2,142)	851	-	-	-	851
Prudential Borrowing	9,817	(2,812)	7,005	26,103	12,141	298	45,547
Yearly Total	21,258	(3,482)	17,776	49,126	16,397	1,023	84,322

A number of projects totalling £1.885m will now need to be added to the Somerset Programme as they were not completed by the end of the 2022/23 financial year or require reprofiling. The funding for these projects were included within the overall expected financing for 2022/23 and therefore have been factored into overall funding including borrowing requirements. The position of these projects at the year-end is shown in Appendix B with the requested carry forward and funding source outlined in Column C and Columns H-AD.

The revised Somerset Programme is included at Appendix 7.

South Somerset District Council - Reserves Outturn 2022/23

Appendix 5a

	Balance as at 31 March 2021 £'000	Trans-fers in 2021/22 £'000	Trans-fers out 2021/22 £'000	Balance as at 31 March 2022 £'000	Trans-fers in 2022/23 £'000	Trans-fers out 2022/23 £'000	Balance as at 31 March 2023 £'000
Capital Fund	(929)	(140)	918	(152)	(76)	0	(227)
Cremator Replacement Reserve	(549)	0	0	(549)	0	0	(549)
Internal Borrowing Repayments	(321)	(100)	420	(1)	0	0	(1)
Elections Reserve	(214)	(40)	0	(254)	(40)	0	(295)
Sports Facilities Reserve	(51)	0	41	(10)	0	0	(10)
Yeovil Athletics Track Repairs	(198)	(25)	7	(216)	(19)	23	(212)
Planning Delivery Reserve	(16)	0	16	(0)	0	0	(0)
Bristol to Weymouth Rail Reserve	(72)	0	72	0	0	0	0
Yeovil Refresh Reserve	(112)	0	112	0	0	0	0
IT Replacement Reserve	(10)	0	0	(10)	0	0	(10)
Insurance Fund	(50)	0	50	0	0	0	0
Transformation Fund	(91)	0	91	0	0	0	0
Treasury Management Reserve	(750)	0	0	(750)	0	0	(750)
Revenue Grant Reserve	(525)	(16)	142	(399)	(2)	106	(295)
MTFP Support Fund	(4,879)	(4,580)	596	(8,863)	(7)	1,313	(7,557)
CTAX/Housing Benefits Reserve	(1,291)	(118)	168	(1,241)	(347)	451	(1,137)
Closed Churchyards Reserve	(19)	0	19	0	0	0	0
Health Inequalities	(32)	0	32	0	0	0	0
Deposit Guarantee Claims Reserve	(12)		13	0	0	0	0
Park Homes Replacement Reserve	(286)	(30)	317	0	0	0	0
Planning Obligations Admin Reserve	(30)	0	30	(0)	0	0	(0)
Artificial Grass Pitch Reserve	(162)	(16)	0	(177)	(16)	3	(190)
Business Support Scheme (flooding)	(101)	0	20	(82)	0	11	(71)
Regeneration Fund	(2,997)	(1,406)	1,160	(3,243)	(944)	218	(3,969)
NNDR Volatility Reserve	(4,592)	0	4,593	0	0	0	0
Ticket Levy Income	(120)	(132)	0	(252)	(162)	0	(414)

Waste Reserve	(100)	0	0	(100)	0	100	0
Community Housing Fund	(170)	0	153	(18)	0	0	(18)
Community Safety Reserve	(43)	0	19	(25)	0	0	(25)
Housing and Homelessness Reserve	(441)	(258)	163	(537)	(443)	386	(594)
Commercial Investment Reserve	(6,606)	(113)	0	(6,719)	0	0	(6,719)
Spatial Policy Reserve	(258)	(48)	166	(141)	(48)	55	(134)
YIC Maintenance Reserve	(40)	(20)	0	(60)	(12)	0	(72)
Climate Change Fund	(167)	(262)	163	(266)	0	204	(62)
Community Initiatives Reserve	(163)	(522)	303	(382)	0	382	0
Local Government Change	0	0	0	0	0	0	0
Community Resilience Reserve	(126)	(247)	282	(91)	0	42	(49)
NNDR S31 Grant Coll. Fund	(11,704)	(3,695)	8,886	(6,513)	(8,886)	14,209	(1,190)
Area East Reserve	0	(49)	0	(49)	0	2	(47)
Area North Reserve	0	(24)	0	(24)	0	0	(24)
Area West Reserve	0	(40)	0	(40)	0	0	(40)
Somerset LGR Reserve	0	0	0	0	(1,234)	514	(720)
COVID Recovery Reserve	0	0	0	0	0	134	134
MRP Reserve	0	(444)	0	(444)	0	0	(444)
Total Reserves	(38,228)	(12,326)	18,950	(31,606)	(12,236)	18,153	(25,689)

Project	Q2 Approved Budget 2022/23 £000's	Q4 Slippage 2022/23 £000's	Outturn 2022/23 £000's	Budget 2023/24 £000's	Future Budget 2023-26 £000's	Total Budget £000's
Car Park Improvement Works	63	46	109	-	-	109
Chard Business Park, Roadway Adoption	15	1	16	109	-	125
Chard Reservoir Dam	12	5	17	4	-	21
Decarbonisation of Operational Buildings - Phase 2	14	2	16	945	-	961
Refurbishment and accessibility improvements to public toilets at Ham Hill and Yeovil Recreation Centre	40	1	41	39	-	80
West Hendford Car Park Crime Reduction Improvements	36	(19)	18	1	-	19
Westlands Building Improvement Works	17	1	19	957	-	976
Disabled Facilities Grants	1,233	457	1,691	1,121	-	2,812
Renewal of Skate Park provision in Area South	100	184	284	56	-	340
Yeovil Refresh	3,246	1,294	4,540	16,934	-	21,474
West Coker Solar Panels	-	12	12	-	-	12
Balances Brought Forward from 2023/24	4,775	1,985	6,761	20,168	-	26,929
Capital works budget for investment property	342	-125	216	1,740	288	2,245
Decarbonisation of Operational Buildings - Phase 1	1,560	-181	1,380	1,342	-	2,722
DELETTI EV Charger Project	250	-244	6	244	-	250
Environmental Services Fleet Vehicles Arboriculture & Operations	264	-37	227	37	-	264
Environmental Services Fleet Vehicles Horticulture	172	-79	93	79	-	172
Environmental Services Fleet Vehicles Nursery and Lufton Depot	30	-14	16	14	-	30
Environmental Services Fleet Vehicles Workshop & MOT	55	-28	27	28	-	55
Fleetmaster Replacement - Fleet Management Software	57	-54	3	54	-	57
Footbridge Assessment & Works	15	-1	14	26	-	40
Gas Control System – Birchfield	46	-32	14	426	-	440
Huish Park Land Acquisition	2,605	-30	2,575	30	-	2,605
Innovation Centre Automatic Door Replacement	17	-1	16	1	-	17
Lufton Depot Surfacing and Drainage Works	20	-4	16	49	-	65
Rowan Way Embankment Landslip	10	-1	8	41	-	50
Turners Barn Lane Changing Rooms Demolition	30	-20	10	20	-	30
Westlands Fire Alarm	37	-37	-	37	-	37
Works to Chard Reservoir Dam & Outlets	3	-3	-	3	-	3
Yeovil Crematorium Refurbishment	700	-204	496	590	3,367	4,452
Yeovil Small Business Centre Roof Renewal	85	-85	-	85	-	85
Barnabus House	11	-11	-	22	-	22
Careline Product Development	16	-2	14	2	-	16
Empty Property Grants	28	-4	24	4	-	28
Grant for Youth Facilities	5	-5	-	5	-	5
Grant to Milborne Port Rec	45	-40	4	81	-	85
HMO Grants	41	-9	32	9	-	41
Home Farm, Somerton	298	-298	-	298	-	298

Home Repairs Assistance	47	-16	31	16	-	47
Ilminster Cricket Club. Pavilion, New nets, Pitch improvements	35	-35	-	35	-	35
West Coker Pavilion and Play Projects	1	-1	-	1	-	1
Affordable Housing - 4 Properties Chard Working Mens Club (Stonewater)	54	-54	-	-	-	-
Affordable Housing - Bought not Built Allocation	409	-409	-	409	-	409
Affordable Housing - New Housing Project	15	-15	-	15	-	15
Affordable Housing - North Street, Crewkerne	260	-260	-	260	-	260
Affordable Housing - Passivhaus South Petherton	900	-900	-	1,200	-	1,200
Affordable Housing - The Link Day Centre	7	70	76	-	-	76
Affordable Housing – Unallocated	42	-42	-	26	-	26
Chard Regeneration	464	-65	399	1,875	-	2,274
Somerset Cultural Flagship Venue (Octagon Redevelopment)	1,058	-120	938	16,312	10,956	28,206
Wincanton Regeneration	197	-18	179	18	1,902	2,099
Leisure Centre Capital Works	3,563	-186	3,377	516	54	3,947
Lufton 2000, Yeovil - All Phases	16	-16	-	214	-	214
Lyde Road Pedestrian & Cycle Way, Yeovil	63	-9	54	475	-	529
Ash Village Hall car park	4	-4	-	4	-	4
Curry Rivel Village Hall	47	-6	41	6	-	47
Unallocated Budget North	15	-15	-	15	-	15
Unallocated Budget South	122	-122	-	122	-	122
Castle Cary Pavilion	4	-4	-	4	-	4
Parish Infrastructure Fund	4	-4	-	4	-	4
Retail Support Initiative Schemes	1	-1	-	1	-	1
Unallocated Budget East	2	-2	-	2	-	2
Wincanton-Pedestrian/Cycle Link Common Lane	5	-5	-	5	-	5
Broadway play area	4	-4	-	4	-	4
Chard Town Centre Gateway and Seating Area.	52	-52	-	52	-	52
East Chinnock Parish Council - Play Area Upgrade	6	-6	-	6	-	6
George Reynolds Centre project	5	-5	-	5	-	5
Grants for Parishes Play Areas	1	-1	-	1	-	1
Henson Park Chard	2	-2	1	2	-	2
Unallocated Budget West	2	-2	-	2	-	2
West & Middle Chinnock play equipment project	10	-6	4	6	-	10
Capital Contingency - slippage	4	-4	-	4	-	4
Balance Slipped in 2023/24	14,163	(3,870)	10,291	26,884	16,567	53,742
	18,938	(1,885)	17,052	47,052	16,567	80,671

Financing of the Capital Programme

Funding Stream	Q2 Approved 2022/23 £000's	Q4 Updates 2022/23 £000's	Q4 Outturn 2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	Funding Stream Total £000's
Grants & Contributions	6,824	1,606	8,430	19,640	3,846	325	32,241
S106 Contributions	317	(123)	194	428	-	400	1,022
CIL	-	-	-	1,335			1,335
Usable Capital Receipts	1,307	(11)	1,296	1,620	410	-	3,326
Use of Loan Repayment	2,993	(2,142)	851	-	-	-	851
Prudential Borrowing	9,817	(2,812)	7,005	26,103	12,141	298	45,547
Yearly Total	21,258	(3,482)	17,776	49,126	16,397	1,023	84,322

Note: Financing Table includes Corporate Contingency £3.651m held for the Capital Programme.

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Legacy Authority	Reserve	Balance as at £'000	Use of Reserves £'000	Balance as at £'000
SWTC	Investment Risk Reserve	3,151.0	889.0	4,040.0
SWTC	Business Rates Smoothing Reserve	5,353.0 -	1,830.0	3,523.0
SWTC	Capital Financing Reserve	1,413.0	358.0	1,771.0
SWTC	COVID - S31 Business Rates TIG	2,498.0 -	1,602.0	896.0
SWTC	Garden Village	979.0 -	279.0	700.0
SWTC	Investment Properties Sinking Fund	500.0	200.0	700.0
SWTC	SWP 22-23 Year End Balances	-	492.0	492.0
SWTC	Strategic Housing Market Area Assessment	497.0 -	39.0	458.0
SWTC	Toneworks Heritage Site 2	166.0	270.0	436.0
SWTC	Rough Sleepers Initiative	3.0	248.0	251.0
SWTC	Asset Management - General	519.0 -	304.0	215.0
SWTC	LGR Implementation Costs	-	215.0	215.0
SWTC	Self Insurance Fund	200.0	-	200.0
SWTC	Economic Development & Growth Initiatives	643.0 -	486.0	157.0
SWTC	Phosphate Management Strategy	-	135.0	135.0
SWTC	Steam Coast Trail	118.0	16.0	134.0
SWTC	Local Plan Development and Inspection	126.0	-	126.0
SWTC	LG Cyber Security Fund Grant	-	100.0	100.0
SWTC	Blue Anchor Csum 60yr Covenant	94.0	-	94.0
SWTC	COVID - Council Tax Hardship Fund	84.0	-	84.0
SWTC	Flood Project - EA	-	84.0	84.0
SWTC	Coal Orchard Warrant	-	73.0	73.0
SWTC	Flood Project - SRA	-	35.0	35.0
SWTC	Carry Forwards	2,075.0 -	2,075.0	-
SWTC	Homelessness Prevention	684.0 -	684.0	-
SWTC	New Homes Bonus Reserve	171.0 -	171.0	-
SWTC	Transformation / Internal Change Reserve	141.0 -	141.0	-
SWTC	COVID - S31 Council Tax TIG (income guar	34.0 -	34.0	-
SWTC	COVID - S31 Business Rates Holiday Grant	5,811.0 -	5,811.0	-
SWTC	Commercial Investment Financing Fund	2,000.0 -	2,000.0	-
SWTC	Other Earmarked Reserves	730.0	91.0	821.0
Total SWTC Earmarked Reserves		27,990.0 -	12,250.0	15,740.0
MDC	Budget Smoothing	3,979.0 -	131.0	3,848.0
MDC	Collection Fund Reserve	4,447.0 -	2,881.0	1,566.0
MDC	Maintenance for Investment Properties	886.0 -	85.0	801.0
MDC	Planning Policy	323.0 -	10.0	313.0
MDC	5 Councils Contract Smoothing	591.0 -	591.0	-
MDC	Saxonvale	484.0 -	210.0	274.0
MDC	LGR Transition	1,088.0 -	840.0	248.0
MDC	Flexible Homelessness Support Grant	221.0 -	60.0	161.0
MDC	Carry Forward Balances for 2022/23 Project	199.0 -	47.0	152.0
MDC	Joint Working with Parish Councils	175.0 -	36.0	139.0
MDC	Homeless Reduction Act	203.0 -	68.0	135.0
MDC	District Elections	52.0	76.0	128.0
MDC	Cleaner/Greener Mendip	569.0 -	442.0	127.0
MDC	Special Expenses Rate (SER)	126.0	-	126.0

MDC	COVID-19	188.0	-	69.0	119.0
MDC	Economic Development Technical Analysis	102.0		-	102.0
MDC	Environmental Impact Funding	99.0		-	99.0
MDC	Mendip Rough Sleeper Initiative	184.0	-	106.0	78.0
MDC	Tenancy Hardship Fund	-		53.0	53.0
MDC	Climate Change	42.0		10.0	52.0
MDC	Total of Small Reserves less than £50k each	1,246.0	-	1,074.0	172.0
Total MDC Earmarked Reserves		15,204.0	-	6,511.0	8,693.0
SDC	Apprentices	538.0	-	200.0	338.0
SDC	Business Incubation Space	261.0		69.0	330.0
SDC	Business Rates Retention	7,475.0	-	2,100.0	5,375.0
SDC	CCTV equipment	18.0	-	18.0	-
SDC	CCTV equipment TDBC	72.0	-	43.0	29.0
SDC	Commercial Property	518.0		167.0	685.0
SDC	Community Development Fund	4,119.0	-	1,259.0	2,860.0
SDC	Corporate buildings	238.0		48.0	286.0
SDC	Flooding	-		-	-
SDC	Homelessness	798.0		427.0	1,225.0
SDC	Housing Improvement	440.0		106.0	546.0
SDC	Insurance fund	78.0		8.0	86.0
SDC	IT equipment replacement	464.0		3.0	467.0
SDC	Kings of Wessex Pool	381.0	-	181.0	200.0
SDC	Land Charges	-		-	-
SDC	Medium Term Managed use of Balances	9,076.0		341.0	9,417.0
SDC	New Burdens	345.0		233.0	578.0
SDC	Somerset Building Control Partnership	581.0	-	78.0	503.0
SDC	Succession Planning	94.0	-	6.0	88.0
SDC	Port of Bridgwater	284.0	-	107.0	177.0
SDC	Covid 19 contingency	770.0	-	326.0	444.0
SDC	Other	472.0		87.0	559.0
Total SDC Earmarked Reserves		27,022.0	-	2,829.0	24,193.0
SSDC	Capital Fund	151.6		75.8	227.4
SSDC	Cremator Replacement Reserve	549.0		-	549.0
SSDC	Internal Borrowing Repayments	1.0		-	1.0
SSDC	Elections Reserve	254.4		40.2	294.7
SSDC	Sports Facilities Reserve	10.0		-	10.0
SSDC	Yeovil Athletics Track Repairs	216.4	-	4.2	212.2
SSDC	Planning Delivery Reserve	0.0		-	0.0
SSDC	Bristol to Weymouth Rail Reserve	-	0.4	-	0.4
SSDC	Yeovil Refresh Reserve	-	0.4	-	0.4
SSDC	IT Replacement Reserve	10.0		-	10.0
SSDC	Insurance Fund	-	0.3	-	0.3
SSDC	Transformation Fund	-	0.3	-	0.3
SSDC	Treasury Management Reserve	750.0		-	750.0
SSDC	Revenue Grant Reserve	399.4	-	104.2	295.2
SSDC	MTFP Support Fund	8,863.0	-	1,305.9	7,557.1
SSDC	CTAX/Housing Benefits Reserve	1,240.7	-	104.1	1,136.6
SSDC	Closed Churchyards Reserve	-	0.1	-	0.1
SSDC	Health Inequalities	-	0.3	-	0.3
SSDC	Deposit Guarantee Claims Reserve	-	0.4	-	0.4
SSDC	Park Homes Replacement Reserve	-	0.2	-	0.2

SSDC	Planning Obligations Admin Reserve	0.1	-	0.1
SSDC	Artificial Grass Pitch Reserve	177.0	12.6	189.6
SSDC	Business Support Scheme (flooding)	81.7	- 10.9	70.8
SSDC	Regeneration Fund	3,243.3	726.2	3,969.5
SSDC	NNDR Volatility Reserve	- 0.2	- -	0.2
SSDC	Ticket Levy Income	252.3	161.7	414.0
SSDC	Waste Reserve	100.0	- 100.0	-
SSDC	Community Housing Fund	17.8	-	17.8
SSDC	Community Safety Reserve	25.0	-	25.0
SSDC	Housing and Homelessness Reserve	536.6	57.6	594.3
SSDC	Commercial Investment Reserve	6,718.8	-	6,718.8
SSDC	Spatial Policy Reserve	140.7	- 6.9	133.8
SSDC	YIC Maintenance Reserve	60.0	12.0	72.0
SSDC	Climate Change Fund	266.0	- 204.2	61.8
SSDC	Community Initiatives Reserve	382.0	- 382.0	-
SSDC	Local Government Change	-	-	-
SSDC	Community Resilience Reserve	91.3	- 42.0	49.3
SSDC	NNDR S31 Grant Coll. Fund	6,513.0	- 5,322.7	1,190.3
SSDC	Area East Reserve	49.2	- 1.8	47.4
SSDC	Area North Reserve	23.9	-	23.9
SSDC	Area West Reserve	40.2	-	40.2
SSDC	Somerset LGR Reserve	-	720.0	720.0
SSDC	COVID Recovery Reserve	-	- 134.3	134.3
SSDC	MRP Reserve	443.7	-	443.7
Total SSDC Earmarked Reserves		31,605.6	- 5,917.0	25,688.6
SCC	Social Care Transformation	3,400.0	- 1,400.0	2,000.0
SCC	Social Care Volatility Reserves	5,400.0	- 600.0	4,800.0
SCC	Invest to Save	-	-	-
SCC	Improving Lives Programme	-	100.0	100.0
SCC	Corporate Priorities	5,000.0	- 100.0	4,900.0
SCC	Workforce Reserve	900.0	-	900.0
SCC	Funding Volatility	7,000.0	- 100.0	6,900.0
SCC	Budget Equalisation Reserve	9,200.0	- 6,800.0	2,400.0
SCC	Capital Fund	3,700.0	- 3,700.0	-
SCC	Local Government Reorganisation	-	10,700.0	10,700.0
SCC	Business Support System (ERP)	10,900.0	- 7,000.0	3,900.0
SCC	Trading Accounts	1,300.0	1,700.0	3,000.0
SCC	Climate Emergency	600.0	- 200.0	400.0
SCC	West Somerset Opportunity Area	600.0	- 600.0	-
SCC	Public Health	4,000.0	800.0	4,800.0
SCC	Prevention Fund	400.0	- 100.0	300.0
SCC	Held for Infrastructure Developments	2,600.0	500.0	3,100.0
SCC	Economic Development	600.0	100.0	700.0
SCC	Economic Recovery	5,600.0	- 1,200.0	4,400.0
SCC	Ash die back	1,000.0	- 400.0	600.0
SCC	Property Repairs & Maintenance	300.0	-	300.0
SCC	BSF Bridgwater - Equalisation Reserve	8,700.0	600.0	9,300.0
SCC	Short Life Asset Fund	800.0	-	800.0
SCC	Insurance	9,000.0	- 700.0	8,300.0
SCC	Collection Fund Compensation	4,300.0	- 3,800.0	500.0
SCC	Covid-19 Funding	-	-	-
SCC	Elections	-	100.0	100.0

SCC	Other Children's Services	2,800.0	-	700.0	2,100.0
SCC	Other ECI	4,700.0		1,900.0	6,600.0
SCC	Other CDW	600.0	-	500.0	100.0
SCC	Service Carry Forwards	-		500.0	500.0
Total SCC Earmarked Reserves		93,400.0	-	10,900.0	82,500.0
Reserves Held on Behalf of Others					
SCC - Other	Somerset Rivers Authority	8,000.0	-	2,900.0	5,100.0
SCC - Other	Local Enterprise Partnership	2,600.0		1,500.0	4,100.0
SCC - Other	Connecting Devon and Somerset	200.0		300.0	500.0
SCC - Other	Somerset Waste Partnership	-		-	-
SCC - Other	Somerset and South West Mutual Scheme	100.0		100.0	200.0
SCC - Other	Somerset Association of Primary Headteach	-		-	-
SCC - Other	S256 Funding	48,000.0		49,700.0	97,700.0
SCC - Other	Business Rates Retention - County Wide	1,900.0	-	1,000.0	900.0
SCC - Other	Local Enterprise Partnership - Governance	100.0		-	100.0
SCC - Other	School's Carry Forward	25,400.0	-	2,800.0	22,600.0
Total Reserves Held on Behalf of Others		86,300.0		44,900.0	131,200.0
All Authorities Earmarked Reserves		281,521.6		6,493.0	288,014.6
Earmarked Reserves Carried Forward to Somerset Council					288,014.6

Reference	Authority	Directorate Area and Scheme	Responsible Officer	2022/23 Carry Forward Adjustment	Forecasted Expenditure					
					2023/24	2024/25	2025/26	2026/27 >	Total	
					£m	£m	£m	£m	£m	
		Adult and Health Services								
1	SCC	Operations	Adult Social Care	Emily Fulbrook	(0.749)	2.175	0.284	0.275		1.985
2	SCC	Operations	Learning Disabilities	Emily Fulbrook	0.084	0.060	0.053			0.197
		Operations Total			(0.665)	2.235	0.337	0.275		2.182
		Children's Services								
3	SCC	Children and Families	Childrens Residential	Jayne Shelbourn-Barrow	0.265	3.468	0.126	0.071	0.071	4.001
4	SCC	Children and Families	Children Looked After	Jayne Shelbourn-Barrow	0.416	0.013	0.013			0.442
		Children and Families Total			0.681	3.481	0.139	0.071	0.071	4.443
5	SCC	Inclusion	Special Education Needs	Rob Hart	0.804	3.778	3.769	2.067		10.418
6	SCC	Inclusion	Schools Access Initiative	Rob Hart	(0.065)	0.514	0.135			0.584
		Inclusion Total			0.739	4.292	3.904	2.067		11.002
7	SCC	Education, Partnership and Skills	Early Years	Amelia Walker	0.053	0.865	0.212			1.130
8	SCC	Education, Partnership and Skills	School Services	Amelia Walker	10.927	27.597	15.016	3.947	2.353	59.840
		Education, Partnership and Skills Total			10.980	28.462	15.228	3.947	2.353	60.970
		Climate and Place								
9	SWT	Climate, Environment and Sustainability	Flood & Water Management (Non SRA)	Kirsty Larkins	0.686	3.649	1.000			5.335
10	SWT	Climate, Environment and Sustainability	Blue Anchor Coast Protection	Kirsty Larkins	1.458	2.298				3.756
11	ALL	Climate, Environment and Sustainability	Somerset Waste Partnership	Kirsty Larkins	0.991	1.345	0.070	0.070		2.476
12	NEW	Climate, Environment and Sustainability	Chard Reservoir Dam Works	Kirsty Larkins		0.078	0.003	0.018		0.099
13	NEW	Climate, Environment and Sustainability	North Hill Cliff Stabilisation	Kirsty Larkins		1.010				1.010
		Climate, Environment and Sustainability Total			3.135	8.380	1.073	0.088		12.676
14	SCC	Economy, Employment and Planning	Business Growth Fund & Other Projects	Paul Hickson	1.682	1.306	0.434			3.422
15	SCC	Economy, Employment and Planning	Taunton Digital Innovation Centre	Paul Hickson	(0.083)	1.914				1.831
16	SDC	Economy, Employment and Planning	Bridgwater Town Deal	Paul Hickson		22.000				22.000
17	SDC	Economy, Employment and Planning	Bridgwater Levelling Up Fund	Paul Hickson		19.700				19.700
18	MDC	Economy, Employment and Planning	Glastonbury Town Deal	Paul Hickson	4.074	11.197	5.008	1.371		21.650
19	MDC	Economy, Employment and Planning	Saxonvale, Frome	Paul Hickson		0.100	0.100	0.098		0.298
20	SWT	Economy, Employment and Planning	Taunton Town Centre Regeneration	Paul Hickson	(0.420)	0.500	0.897			0.977
21	SWT	Economy, Employment and Planning	Phosphates	Paul Hickson	0.191	1.795				1.986
22	SWT	Economy, Employment and Planning	Firepool Development FHSF Phase	Paul Hickson	0.684	7.116				7.800
23	SSDC	Economy, Employment and Planning	Chard Regeneration	Paul Hickson	0.350	1.700				2.050
24	SSDC	Economy, Employment and Planning	Yeovil Refresh	Paul Hickson	4.927	13.472				18.399
25	SWT	Economy, Employment and Planning	Staplegrave Housing Infrastructure Fund	Paul Hickson		14.216				14.216
26	SWT	Economy, Employment and Planning	Contribution to CDS Broadband	Paul Hickson		0.550				0.550
27	NEW	Economy, Employment and Planning	Frome Enterprise Centre	Paul Hickson		0.375	0.450			0.825
		Economy, Employment and Planning Total			11.405	95.941	6.889	1.469		115.704
28	SCC	Infrastructure and Transport	Bridge Structures	David Carter	0.753	3.520	1.500			5.773
29	SCC	Infrastructure and Transport	Road Structures	David Carter	1.659	30.255				31.914
30	SCC	Infrastructure and Transport	Traffic Control & Management	David Carter	(0.082)	5.631				5.549
31	SCC / SWT	Infrastructure and Transport	Active Travel	David Carter	1.901	1.808	1.666			5.375
32	SCC	Infrastructure and Transport	Integrated Transport	David Carter	0.439	1.007				1.446
33	SCC	Infrastructure and Transport	Small Improvement Schemes	David Carter	0.411	1.527				1.938

		Strategic Asset Management Total			11.120	12.677	2.190		25.987		
Strategy, Workforce and Localities											
77	SWT	Grants & Lotteries	Hinkley CIM Funded SWT Projects	Sara Skirton		0.100			0.100		
78	SWT	Grants & Lotteries	Various Other Schemes	Sara Skirton		0.135	0.135	0.136	0.406		
Grants & Lotteries Total						0.235	0.135	0.136	0.506		
Paused Schemes - Deferred until 2024/25 with further review in 2023/24											
79	SCC	Children and Families	Homes for Children with Disabilities Phase 2	Ollie Woodhams			1.500		1.500		
80	SCC	Cultural Services	Bridgwater Library Improvements	Elizabeth Dawson	(0.034)		1.286	0.139	1.391		
81	SSDC	Economy, Employment and Planning	Wincanton Regeneration	Paul Hickson	1.131		1.537		2.668		
82	SCC	Infrastructure and Transport	Walton & Ashcott Bypass	David Carter							
83	SSDC	Strategic Asset Management	Yeovil Crematorium Refurbishment	Sarah Dawson	0.590		3.367		3.957		
Paused Schemes Total						1.687	7.690	0.139	9.516		
Total Capital Programme						59.388	258.652	59.372	11.795	2.424	391.631

Authority	Directorate Area and Scheme	Responsible Officer	2022/23 Carry Forward Adjustment	Forecasted Expenditure						
				2023/24	2024/25	2025/26	2026/27 >	Total		
				£m	£m	£m	£m	£m		
Accountable Bodies										
84	SCC	Climate, Environment and Sustainability	Somerset Rivers Authority	Mickey Green	0.288					0.288
85	SCC	Economy, Employment and Planning	Connecting Devon & Somerset Broadband	Mickey Green	13.879					13.879
86	SCC	Economy, Employment and Planning	Heart of the South West Local Enterprise Partnership	Mickey Green	25.986					25.986
Accountable Bodies Total					40.153					40.153

	Total £m
Financed By:	
Grants	254.939
Capital Receipts	8.801
Reserves	2.358
S106 or CIL	28.985
Borrowing	136.701
Total	431.784

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Somerset Council	Approved Budget		
	2022.23 Slippage Budget	2023.24 Approved Budget	2023.24 Total Budget
Majors & Improvements	5,506,744	22,205,520	27,712,264
Social Housing Development	84,890,750	10,002,510	94,893,260
Total	90,397,494	32,208,030	122,605,524
	-	-	-
HRA (In-House Operations) Capital Programme			
Majors & Improvements			
Major Works	3,199,366	10,867,970	14,067,336
Fire Safety	373,671	150,000	523,671
Radon Remedials			
Related Assets	-	50,000	50,000
Exceptional & Extensive	-	300,000	300,000
Vehicles	-	-	-
ICT & Transformation	85,138	210,000	295,138
Aids & Adaptations & DFGs	-	370,000	370,000
Sub-Total Majors & Improvements	3,658,175	11,947,970	15,606,145
Social Housing Development	82,191,096	-	82,191,096
Total HRA	85,849,271	11,947,970	97,797,241
HRA (ALMO) Capital Programme			
Majors & Improvements			
HiS capital spend on housing stock	-	8,561,470	8,561,470
HiS fire safety cladding	129,600	-	129,600
HiS net zero pilot project	185,760	-	185,760
HiS outbuildings, balconies & Westfield House	1,164,519	-	1,164,519
<i>Growth bid agreed Rent Set Full Council February 2023</i>			
Growth bid HiS - Radon remediation	-	359,850	359,850
Growth bid HiS - La Ciotat House general improvements	-	247,320	247,320
Growth bid HiS - decarbonisation fund - match funding	-	688,170	688,170
SDC Disabled adaptations	-	400,740	400,740
SDC estate sewerage Crickham	368,690	-	368,690
Sub-Total Majors & Improvements	1,848,569	10,257,550	12,106,119
Social Housing Development			
Penlea House phase one, Bridgwater, Homes England	1,271,509	2,852,010	4,123,519
Bigwood & Staple, Bridgwater, Homes England	191,543	332,470	524,013
Bespoke homes (2 homes plus extensions) H England	264,057	587,300	851,357
Sydenham garage site housing development	1,365,782	1,647,780	3,013,562
Purchase of existing properties (not new build)	-	500,000	500,000
Tuckerton Lane N Newton (6 homes)	-	950,000	950,000
Carrotts Farm, (3 homes) N Petherton, s106	55,160	489,710	544,870
Cricketers, Nether Stowey (16 homes), update now has Hom	162,440	2,643,240	2,805,680
Cricketers, Nether Stowey (16 homes)	- 610,837	-	- 610,837
Sub-Total Housing Development	2,699,654	10,002,510	12,702,164
Total HRA	4,548,223	20,260,060	24,808,283

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Decision Report - Executive Decision

Forward Plan Reference: FP/24/03/07

Decision Date – 6 September 2023

Key Decision – Yes



2023/24 Budget Monitoring Report – Month 3 – End of June 2023 & Month 4 update

Executive Member(s): Deputy Leader of the Council and Lead Member for Resources and Performance

Local Member(s) and Division: All

Summary / Background

1. This report sets out the very stark and challenging financial situation that the new Somerset Council faces given the size of the potential overspend for the year. Directorates and services will work on actions to mitigate the position, particularly in relation to savings plans at risk, and will develop recovery actions wherever possible. The budget monitoring position cannot be looked at in isolation and needs to be set against the context of the forecast £100m budget gap in the Medium-Term Financial Plan (MTFP) over the next three financial years, the outstanding audits from predecessor councils and the relatively low level of reserves that the new council has inherited.
2. The detailed reason for the forecast overspends are set out in the report against each service. However, there are some general themes which are adversely impacting upon the council's finances which include:
 - High inflation
 - Interest rates
 - Rising complexity and costs of care
 - Labour market
3. The position is not dissimilar to 2022/23 where very high inflation led to significant pressures and the detailed forecasts in this report indicate that both demand and inflation are not subsiding in many areas and in some areas continue to grow at unprecedented rates, for example, cost of residential care. The budget monitoring position cannot be viewed in isolation and needs to be considered alongside the Medium-Term Financial Strategy (MTFS) 2024/25 to 2026/27 report considered at the Corporate & Resources Scrutiny and approved by Executive in July which set out that the forecast budget gap over the next 3 years was around £100m. The forecast overspend is of sufficient magnitude to

be potentially destabilising to the authority's financial sustainability if it is not managed down and would significantly adversely impact on the level of Reserves.

4. The 2023/24 budget was developed through the LGR programme and was based upon the budgets, service levels and priorities of the five predecessor councils. The savings were largely efficiency savings set out in the LGR business case, existing transformation programmes, pension fund saving and the use of £10m from reserves.
5. The month 3 report was considered by the Corporate & Resources Scrutiny Committee at its meeting on 8 August and as it's the quarterly report contains additional information including the progress against delivery of savings built into the budget and the treasury management investment and debt position. **Table 1a** provides a summary of budget, projections, and variances on a service-by-service basis as at the end of June with further detail and mitigations being taken by the responsible director outlined in the body of the report. After taking into account all service expenditure and contingencies the projected outturn position is £522.0m against a net budget of £493.4m. This gives a £28.6m adverse variance which represents a variance of 5.8% as at the end of June.
6. Given the timings of this meeting, the report has been updated for the month 4 position as at the end of July and as shown below in **Table 1b** with the details set out in **Appendix 1**. This shows a slight improved position by £2.5m, with the projected outturn being forecast to be £26.1m.

Table 1a: 2023/24 Budget Monitoring Report as at the end of June 2023 (Month 3)

Service Area	Original Budget	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
	£m	£m	£m	£m	
Adult Services	186.6	185.5	197.6	12.1	A
Children & Family Services	123.1	123.1	131.9	8.8	A
Public Health	1.2	1.2	1.2	0.0	-
Communities Services	35.2	34.9	34.9	0.0	-
Climate & Place	87.1	87.6	92.7	5.1	A
Strategy, Workforce & Localities	20.2	20.2	21.7	1.5	A
Resources & Corporate Services	20.5	21.5	22.9	1.4	A
Accountable Bodies	3.7	3.7	3.7	0.0	-
Non-Service	9.8	9.8	9.3	(0.5)	(F)
Traded Services	0.0	0.0	0.2	0.2	A
Total Service Position	487.4	487.4	516.0	28.6	A
Corporate Contingency	6.0	6.0	6.0	0.0	-
Total after Contingencies	493.4	493.4	522.0	28.6	A
Reserves	(19.9)	(19.9)	(19.9)	0.0	-
Council Tax	(345.4)	(345.4)	(345.4)	0.0	-
Business Rates	(116.1)	(116.1)	(116.1)	0.0	-
Revenue Support Grant	(7.9)	(7.9)	(7.9)	0.0	-
Flexible Use of Capital Receipts	(4.0)	(4.0)	(4.0)	0.0	-
Total Month 3 Position	0.0	0.0	28.6	28.6	A

Table 1b: UPDATE 2023/24 Budget Monitoring Report as at the end of July 2023 (Month 4)

Service Area	Original Budget	Current Budget	Full Year Projection	Month 4 Variance	A/(F)	Movement From Month 3	Direction From Month 3
	£m	£m	£m	£m		£m	
Adult Services	186.6	185.5	197.6	12.1	A	0.0	➔
Children & Family Services	123.1	123.1	131.9	8.8	A	0.0	➔
Public Health	1.2	1.2	1.2	0.0	-	0.0	➔
Communities Services	35.2	34.9	34.9	0.0	-	0.0	➔
Climate & Place	87.1	87.6	90.3	2.7	A	(2.4)	⬆️
Strategy, Workforce & Localities	20.2	20.2	21.7	1.5	A	0.0	➔
Resources & Corporate Services	20.5	21.5	22.8	1.3	A	(0.1)	⬆️
Accountable Bodies	3.7	3.7	3.7	0.0	-	0.0	➔
Non-Service	9.8	9.8	9.3	(0.5)	(F)	0.0	➔
Traded Services	0.0	0.0	0.2	0.2	A	0.0	➔
Total Service Position	487.4	487.4	513.5	26.1	A	(2.5)	⬆️
Corporate Contingency	6.0	6.0	6.0	0.0	-	0.0	➔
Total after Contingencies	493.4	493.4	519.5	26.1	A	(2.5)	⬆️
Reserves	(19.9)	(19.9)	(19.9)	0.0	-	0.0	➔
Council Tax	(345.4)	(345.4)	(345.4)	0.0	-	0.0	➔
Business Rates	(116.1)	(116.1)	(116.1)	0.0	-	0.0	➔
Revenue Support Grant	(7.9)	(7.9)	(7.9)	0.0	-	0.0	➔
Flexible Use of Capital Receipts	(4.0)	(4.0)	(4.0)	0.0	-	0.0	➔
Total Month 4 Position	0.0	0.0	26.1	26.1	A	(2.5)	⬆️

Arrows show movement from the previous month:

⬆️ Favourable movement ➔ No movement ⬇️ Adverse movement

7. Service Directors have been tasked to take actions within their areas to address their potential overspend and where this cannot be contained within a service then the Executive Director has been tasked with taking the necessary actions to do this within their Directorate.

8. Services will continue to develop Financial Recovery Plans as required by the Council's financial management framework, but escalated corporate recruitment and spending controls are also required in this situation and need to be put in place until further notice. The controls will be managed by Directorate Management Teams (DMTs) with oversight from the Executive Leadership Team (ELT) and members via the Budget Monitoring reports. The controls are summarised as follows:

- Savings – Delivery of the 2023/24 Approved Savings is vital and where this cannot be achieved then the development of alternative recovery or mitigation measures to address any forecast underachievement of approved savings is required.
- Staffing – Review and deferral / delay to all permanent, temporary, interim, agency or casual recruitments unless over-ridden by exception

by the relevant DMT due to service delivery considerations, for example, to maintain staffing in services requiring statutory minimum staffing levels.

- Identifying underspending opportunities – DMTs will review 2022/23 underspending or break-even services to explore whether greater underspending or moving into underspend can be achieved to assist the position.

9. DMT specific financial management actions including:
 - a. Imposing financial transaction limits above which senior management (Strategic Manager, Head of Service or Director) approval will be required.
 - b. Similarly, reviewing any local schemes of delegation to managers for spending decisions, for example, authorisation of adult or children's social care packages, and considering whether or not to review the delegations.
 - c. Imposing a moratorium or limit on certain types of non-critical expenditure where possible.
 - d. Similarly, setting target reductions for certain types or categories of expenditure where this can be done without destabilising service delivery.
 - e. Curtailing or 'value-engineering' one-off or project spend or exploring alternative funding solutions.
 - f. Exploring alternative funding to relieve pressure on the revenue budget e.g., bids for grants, income generation, invest-to-save business cases, etc.
10. The 2023/24 Budget included £40.9m of savings, income generation, and transformation savings with £0.5m over-achieved/on-track to overachieve, £6.9m achieved, £22.4m on track, £6.3m at risk and £5.3m unachievable.

Recommendations

11. That the Executive:
 - a. Note the forecast overspend of £26.1m (as at month 4) for the year and the key risks, future issues and opportunities detailed in the report and Appendix 1.
 - b. Requests that each of the Scrutiny Committees urgently reviews the budget monitoring position for their areas of responsibility and that the relevant Executive members set out the reasons behind the current forecasts and the actions that are being taken to address the position.

- c. Approves that member briefings are set to ensure every councillor has the opportunity to fully understand the financial current situation and the financial challenges facing the council going forward.
- d. Receives a monthly update on the financial position and actions being taken to address it.

Reasons for recommendations

- 12. To ensure that the Council continues to maintain tight financial control over its budget.

Other options considered

- 13. No other options were considered as continuing to monitor the budget on a monthly basis is considered best practice.

Links to Council Plan and Medium-Term Financial Plan

- 14. The 2023/24 Budget was approved by Council in February 2023 as part of the Medium-Term Financial Plan (MTFP) and is the financial resourcing plan to deliver the Council Plan.

Financial and Risk Implications

- 15. A new Strategic Risk ORG0070 Budget Overspend in the current financial year has been created and its current score is:

Likelihood	5	Impact	5	Risk Score	25
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It is clear that the scale of financial challenges facing the council are significant. The precise level of reserves is not known with certainty until all of the 2022/23 accounts from the predecessor councils are finalised. However, based upon the work done in setting the 2023/24 budget it is estimated that they will be the region of £100m and there is already a programme to review and align these in place. In the light of this report Strategic Risk ORG0057 Sustainable MTFP has had its score revised upwards to:

Likelihood	5	Impact	5	Risk Score	25
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Legal Implications

- 16. There are no specific legal implications arising from this report.

HR Implications

17. There are no specific HR implications arising from this report.

Other Implications:

Equalities Implications

18. There are no specific equalities implications arising from this report.

Community Safety Implications

19. There are no community safety implications arising from this report.

Climate Change and Sustainability Implications

20. There are no climate change and sustainability implications arising from this report.

Health and Safety Implications

21. There are no health and safety implications arising from this report.

Health and Wellbeing Implications

22. There are no health and wellbeing implications arising from this report.

Social Value

23. There are no Social Value implications arising from this report.

Scrutiny comments / recommendations:

24. This report was presented to Scrutiny for Corporate & Resources Committee, on 8 August 2023; comments arising will be made available to the Executive at the September meeting.

Background

25. The 2023/24 Budget is the first for the new Somerset Council and it brought together the budgets of the five predecessor councils adjusted for new assumptions and identified savings. It is well documented that there are significant delays in the auditing of local authority accounts and this national

issue means that there are a number of statement of accounts from the predecessor councils for prior years that are still outstanding. This brings an amount of uncertainty, as well as resourcing implications, and in practical terms means that some of the information for Somerset Council such as the 2022/23 outturn, reserves position, and capital position are only now being presented to Executive.

26. The Full Council approved the 2023/24 Budget in February 2023. Budget monitoring is delegated to Executive and Scrutiny and revenue service reports will be presented monthly with a full overview of revenue, capital, and reserves quarterly. This report outlines the forecast year-end position of services against the 2023/24 budget of £493.4m as at the end of June 2023.

27. **Table 1** provides a summary of budget, projections, and variances on a service-by-service basis with further detail and mitigations being taken by the responsible director outlined in the body of the report. The significant variances at month 3 are:
 - Adult Services has a £12.1m adverse variance against their budget (6.5% of service budget). This variance is mainly in the adult social care and Learning Disabilities budget areas.
 - Children’s Services has a £8.8m adverse variance against their budget (7.2% of service budget). This variance is in External Placements.
 - Climate and Place has a £5.1m adverse variance against their budget (5.8% of service budget). This adverse variance is seen in Waste Services, Infrastructure and Transport and Economy, Employment and Planning.
 - Strategy, Workforce and Localities has a £1.5m adverse variance against their budget (7.4% of service budget). This variance is seen in Legal Services.
 - Resources and Corporate Services has a £1.4m adverse variance against their budget (6.5% of service budget). This variance is seen in Revenues, Housing Benefits, Property, and ICT.

28. With the financial challenges outlined in this paper the Council needs to move at pace to deal with the very difficult financial situation that the council now faces.

The 2022/23 Outturn Position for Somerset

29. The Statement of Accounts for the 2022/23 financial year of the five predecessor councils are being finalised and show that the overall outturn position will be a c£20m overspend. This will need to be funded from reserves, reducing the Council's ability to manage issues in this financial year and flexibility in budget planning and sustainability. Over the summer there will be a full review of reserves once the overall outturn position is confirmed to ensure that Somerset Council has sufficient reserves to meet risks.

Medium-Term Financial Strategy

30. The forecast Medium Term Financial Plan gap outlined in February 2023 for the next three years was a predicted shortfall between the resources available and cost of current service of c£100m to 2025/26 prior to further savings being identified. In addition to the pressures on the General Fund, there are also pressures within the Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG). The DSG is of particular concern given that the overall deficit on it is now £20.7m with the High Need Block (HNB) part of this being in deficit by £29.8m and is forecast to rise substantially over the next 3 years to be circa £70m deficit if planned mitigations are insufficient to address increasing demand. The statutory override provided by government ends on 31 March 2026 at which time this will revert to being set against the councils' other reserves and combined with all the other pressures on the Council resources raises the very real prospect of a Section 114 notice. The DfE is continuing to work with councils on a national programme to address the deficits in the HNB but, given the very substantial figures, it is unlikely to resolve the issues. However, analysis from the DfE's Delivering Better Value for SEND programme suggests that the cumulative impact of these mitigations is likely to be between £10.4 million and £22.7 million by the end of 2026/27, which means that these initiatives are unlikely to resolve the issues entirely.
31. The Financial Strategy approved by the Executive in July recognised that given the level of required savings, the known pressures within the current year's budget and the relatively low level of reserves, it is imperative that action is taken to identify significant savings. With the need to take decisive action combined with limited staff resources it is proposed to take a targeted approach with three key elements, which are: -
- Targets Areas – An early focus on 'big ticket' items that are some of the key building blocks of the budget. Table 2 below identifies 17 key areas for early review.

- Review of MTFP assumption – Challenging and reviewing of the identified cost pressures to try and reduce them down which would reduce the MTFP gap. Also reviewing all the funding streams in the light of deferral by government of the funding reforms.
- Service Budget Options – All Service Directors will be reviewing their services and identifying Budget Options for members to consider. This will help form the basis of a transformation pipeline of savings for the MTFP over the next three years.

Table 2 – Targeted Areas

Ref	Key Area	Detail	Lead Member	Lead Officer
1	Adults Services	Implementing opportunities identified in the Diagnostic of Adults by Newton. Prior to this work the MTFP assumed cost reductions of £10m split equally over 2023/24 and 2024/25. The detailed diagnostic work has identified a different profile of savings and opportunities more than those built into the MTFP in future years.	Cllr Dean Ruddle, Lead Member for Adult Services	Mel Lock, Executive Director Adult Services

Ref	Key Area	Detail	Lead Member	Lead Officer
2	Childrens Services	<p>Implementing the opportunities identified in the Diagnostic by Impower which identified potential, cumulative cost avoidance and savings ranging from £4.9m and £8.1m over three years.</p> <p>This includes developing new sufficiency strategies for placements and edge of care services to inform the transformation plan for Children Looked After. Transformation will include Homes & Horizons, recommissioning 16+, market development, reducing unregistered placements, and work with Impower consultancy to improve internal fostering and step-across options for children and young people.</p>	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Claire Winter, Executive Director – Childrens, Families & Education
3	Schools – High Needs Block	<p>Delivering Better Value (DBV) in SEND Programme with Newton Europe & CIPFA which identified potential cumulative cost avoidance and savings ranging from £10.4m to £22.7 m over three years.</p>	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Rob Hart, Service Director Inclusion

Ref	Key Area	Detail	Lead Member	Lead Officer
4	Review of School Transport	Implementing the recommendations and opportunities identified in the report from the Edge Public Solutions report that identified saving of £0.6m in year 1, £2.4m in year 2 rising to £2.6m in year 3.	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Rob Hart, Service Director Inclusion and David Carter, Service Director, Infrastructure & Transport
5	Schools Capital Programme	Review of capital programme for schools considering maintenance backlog, current schemes, future requirements with revised pupil numbers forecast & estimated academisations	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Amelia Walker, Service Director Education Partnerships & Skills and Oliver Woodhams, Service Director – Strategic Asset Management
6	School Balances	There are a significant number of schools setting deficit budgets for 2023/24 which projected forward would see a significant reduction to the current £20m surplus in school balances. This would include a programme to identify some of the themes within school budgets to target support in the most effective way, and to lobby government if appropriate	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Amelia Walker, Service Director Education Partnerships & Skills

Ref	Key Area	Detail	Lead Member	Lead Officer
7	Staffing Establishment Control	Management control of vacant posts, temporary posts, agency staff etc in order to minimise redundancy costs and help deliver the staff savings in the LGR business case.	Cllr Theo Butt, Lead Member for Transformation and Human Resources	Chris Squires, Service Director - Customers, Digital & Workforce and Nicola Hix - Service Director of Finance & Procurement
8	Commercial Investments	Review of the current portfolio and identification of opportunities for disposals and reduction of risks	Cllr Ros Wyke, Lead Member for Economic Development, Planning, and Assets	Oliver Woodhams, Service Director - Strategic Asset Management
9	Review of Assets	Review of assets and identification of pipeline of disposals including council office rationalisation	Cllr Ros Wyke, Lead Member for Economic Development, Planning, and Assets	Oliver Woodhams, Service Director - Strategic Asset Management
10	Business Rates & Council Tax	Review of business rates and council tax following the creation of the new unitary and the financial impacts this has on funding forecasts and collection fund positions	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix - Service Director of Finance & Procurement

Ref	Key Area	Detail	Lead Member	Lead Officer
11	Review of Capital Programme	Reduce number and costs of all existing capital schemes & restrict funding for new capital schemes to urgent Health & Safety schemes or schemes that are 100% externally funded.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix – Service Director of Finance & Procurement
12	Reserves	Review the reserves from across the five councils, amalgamate them and ensure sufficient General Fund Reserves are set aside. The risk-based assessment of reserves identified that General reserves should be in the range £30m to £50m.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix, Service Director - Finance & Procurement
13	Capital Receipts	Review capital receipts available along with the commitments in the capital programme and disposal programmes. Identify and recommend the most effective use within the MTFP	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix, Service Director - Finance & Procurement
14	Treasury Management	Review of the Borrowing & Investments portfolio. Identify a strategy of rationalisation of investments that takes account of future needs and interest rate forecasts.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix, Service Director - Finance & Procurement

Ref	Key Area	Detail	Lead Member	Lead Officer
15	Grants	Review the grants provided by the 5 Councils. Understand the source of the grants and the priorities within the Council Plan and rationalise.	Cllr Theo Butt, Lead Member for Transformation and Human Resources	Alyn Jones, Executive Director – Strategy, Workforce & Localities
16	Transformation Programme	Outline the pipeline of transformation projects that deliver on-going savings / reductions in cost over the MTFP.	Cllr Theo Butt, Lead Member for Transformation and Human Resources	Alyn Jones, Executive Director – Strategy, Workforce & Localities
17	Financial Resilience & Sustainability Review	Complete a financial sustainability and resilience review for Somerset Council in the light of the 2022/23 outturn from the five predecessor councils.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Jason Vaughan, Executive Director – Resources & Corporate Services

2023/24 Budget & Forecast Outturn Position

32. The 2023/24 Budget was put together using the information from the five predecessor councils which all recorded things in different ways and also before the full officer structure was finalised. Therefore, there is still a lot of alignment of budgets to take place which will require budget virements. Service Directors are currently developing their service structure which will require further adjustments to the budget in order to reflect the new staffing establishment.
33. After taking into account all service expenditure and contingencies the projected outturn position at month 3 is £522m against a net budget of £493.4m. This gives a £28.6m adverse variance which represents a variance of 5.8%. With the financial challenges outlined in this paper the Council needs to move at pace to deal with the very difficult financial situation that the council now faces. Further information for each service is shown below, along with details on movements, actions to be taken, future risks and opportunities.

Adult Services Director Mel Lock, Lead Member Cllr Dean Ruddle

- 2023/24 net budget £185.5m, projected adverse variance £12.1m
- 2022/23 net budget £160.7m, outturn adverse variance £15.4m

Table 3: Adult Services as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
	£m	£m	£m	
Adult Social Care Operations - Physical Disability/Sensory Loss/65 Plus				
Residential & Nursing	54.0	54.7	0.7	A
Home Care	28.1	30.3	2.2	A
Direct Payments	11.9	12.8	0.9	A
Staffing Costs	11.6	11.6	0.0	-
Transport & Daycare	7.6	7.6	0.0	-
sub total	113.2	117.0	3.8	A
Adult Social Care Operations - Mental Health				
Residential & Nursing	13.9	13.9	0.0	-
Home Care/Supported Living	5.7	5.9	0.2	A
Staffing/Deprivation of Liberty Safeguards	2.6	2.6	0.0	-
Direct Payments, Day Care & Transport	2.6	2.5	(0.1)	(F)
sub total	24.8	24.9	0.1	A
Adult Social Care Operations - Learning Disabilities				
Residential & Nursing	23.8	25.7	1.9	A
Home Care/Supported Living	30.6	35.4	4.8	A
Direct Payments/In Control	10.7	10.3	(0.4)	(F)
Day Care	5.8	6.3	0.5	A
Transport & Shared Lives	2.4	2.7	0.3	A
Central & Salaries	6.0	6.2	0.2	A
Discovery	30.5	30.1	(0.4)	(F)
sub total	109.8	116.7	6.9	A
Commissioning				
Commissioning	2.9	5.7	2.8	A
Better Care Fund	(37.3)	(37.3)	0.0	-
LD Pooled Budget Income	(27.9)	(29.4)	(1.5)	(F)
sub total	(62.3)	(61.0)	1.3	A
Adult Services Total	185.5	197.6	12.1	A

Adult Services - key explanations, actions & mitigating controls

Adult Social Care - Physical Disability/Sensory Loss/65 Plus

This area of adults is currently projecting to be £3.8m overspent. As in previous years, we continue to see pressure within residential and nursing placements, with pressure on the weekly costs, as well as the number of people receiving support. Historically the authority has paid low fee rates within this sector. The increase in fee levels for 23/24 are still not stabilising the market, due to the increase in inflation and cost of living.

There continue to be a number of interim placements as the service works with the NHS trusts to ensure a timely discharge for people from hospital. These placements are currently projected to cost £2.5m.

We continue to deliver more homecare, to allow people to remain in their own homes for as long as possible to help reduce the overreliance on beds, as well as it being the best place for them. This has led to reported overspends of £2.2m for home care. As we continue to offer choice and have a varied market that includes micro-providers, we have seen an increase in the use of direct payments, resulting in a projected overspend of £0.9m.

Mental Health

This budget includes individuals who have a diagnosis of dementia. The budget continues to be an area of growth for the past few years, and this has continued in 2023/24. We are currently projecting an overspend of £0.1m mainly within home care and supported living. Residential and nursing continues to be a pressure for the service due to a combination of increasing numbers and high unit costs.

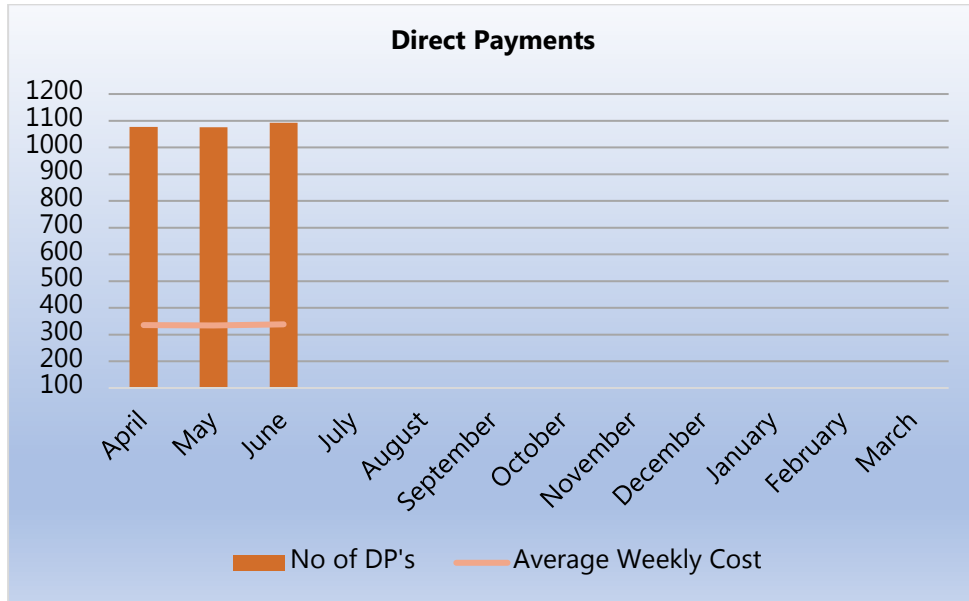
Learning Disabilities

Overall, the cost of Learning Disabilities is projected to overspend by £6.9m. Since outturn we have seen a number of high costs placements come through, either via transitions or due to other forms of funding coming to an end. The four main pressure areas continue to be residential & nursing £1.9m, supported living and homecare £4.8m and day care £0.5m due to market sustainability. Supported Living is in the best interest of people but is an area where unit costs can be high.

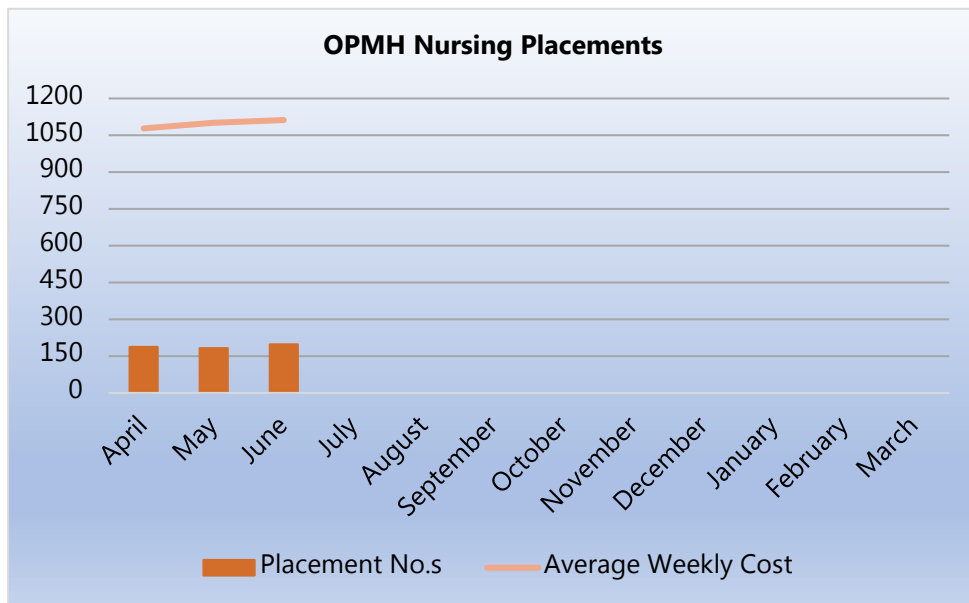
Commissioning

Commissioning is currently projecting to overspend by £1.3m, as the Adults transformation 'my life, my future' will not achieve the full £5m saving.

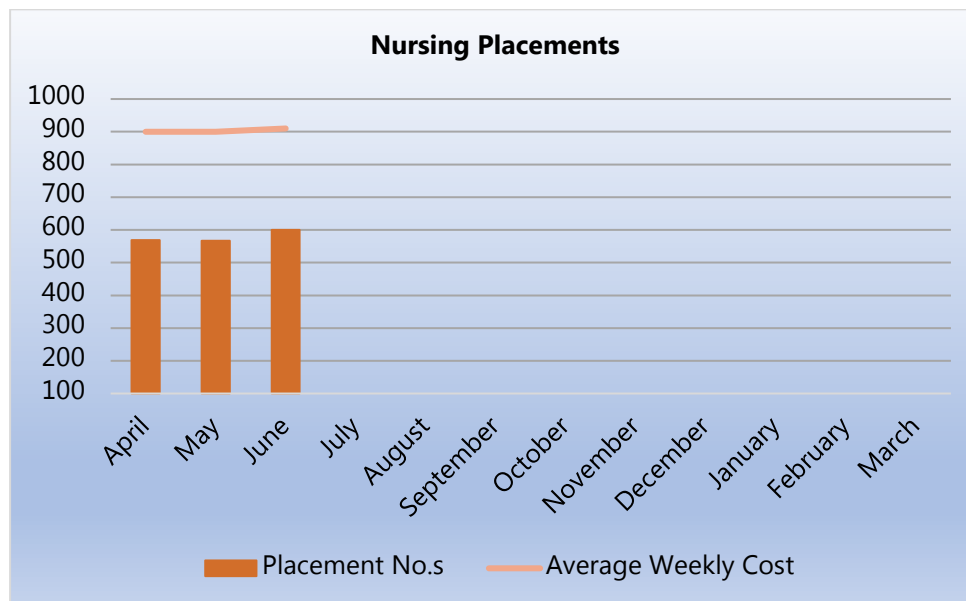
Adult Services - key performance cost drivers



Since the beginning of the financial year, we have seen the number of people receiving a Direct Payment within ASC increased from 1,077 to 1093 packages. The current weekly average cost of an ASC Direct Payment is £338 per package.



The number of Older People Mental Health (OPMH) Nursing placements has increased by ten placements since April, from 188 to 198. The current weekly average cost for OPMH Nursing is £1,112 per placement.



Nursing placements increased by thirty-one since April from 569 to 600. The current weekly average cost for Nursing is £910 per placement.

Adult Services - key risks, future issues & opportunities

90% of the ASC budget is spent on individual placements purchased through the market via block and spot placements. Therefore, there is a significant risk that this budget will continue to overspend. This is due to increased demand, the cost-of-living rise, particularly the increases in petrol, gas, electric, and food.

We have a number of mitigations that are not currently reflected in the financial position above but across the financial year we will start to see the impact:

- Enhanced Peer Forum – Robust financial and operating challenge
- Reviewing Interim Placements – This review will identify those who should be self-funding/contributing towards their long-term care.
- My life, my future – reduce the overreliance on bed placements and redesign the reablement service.
- Review all high cost/complex placements.
- Review void costs.

Children & Family Services – Executive Director Claire Winter, Lead Member Cllr Tessa Munt

- 2023/24 net budget £123.1m, projected adverse variance £8.8m
- 2022/23 net budget £107.1m, outturn adverse variance £21.2m

Table 4: 2023/24 Children & Family Services as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Children's Social Care				
Prevention	5.7	5.7	0.0	-
Fostering & Permanence	13.3	13.3	0.0	-
External Placements	38.4	47.2	8.8	A
Fieldwork	13.9	13.9	0.0	-
Disabilities	2.5	2.5	0.0	-
Partnership, Audit & Quality	4.3	4.3	0.0	-
Children Looked After	2.3	2.3	0.0	-
Leaving Care	(0.8)	(0.8)	0.0	-
Central	2.2	2.2	0.0	-
Residential Homes	0.0	0.0	0.0	-
sub total	81.8	90.6	8.8	A
Commissioning				
Commissioning Services	11.1	11.1	0.0	-
Supporting Families	(0.6)	(0.6)	0.0	-
Central	0.7	0.7	0.0	-
sub total	11.2	11.2	0.0	-
Education Partnerships and Skills				
Education Partnerships and Skills	1.0	1.0	0.0	-
Home to School Transport	13.1	13.1	0.0	-
sub total	14.1	14.1	0.0	-
Inclusion				
Home to School Transport	0.0	0.0	0.0	-
Inclusion Services	5.9	5.9	0.0	-
SEND Transport	10.1	10.1	0.0	-
sub total	16.0	16.0	0.0	-
Children & Family Services Total	123.1	131.9	8.8	A

Children & Family Services - key explanations, actions, and mitigating controls

The external placements budget is forecasting a total overspend of £8.8m. Of this, the unregistered placement overspend is £3.5m and the residential overspend is £3.0m.

There are two key pressures that account for this:

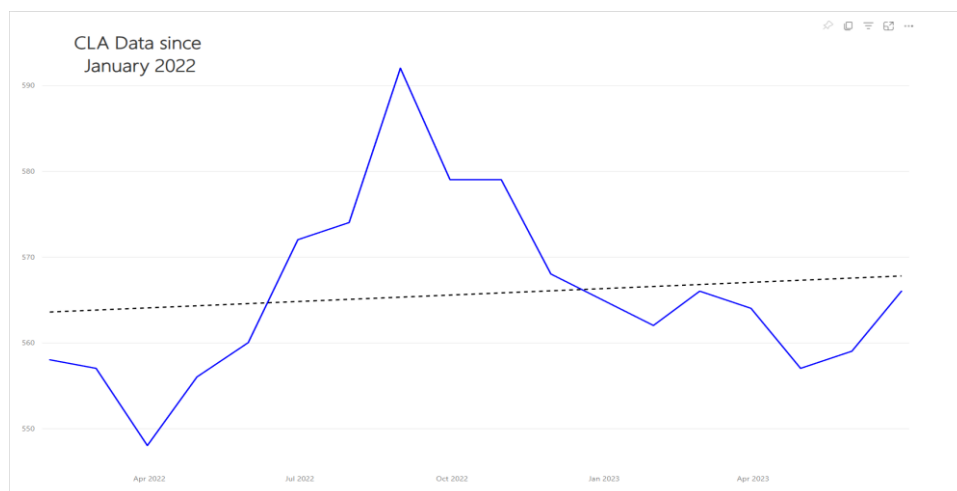
1. The number of unregistered bed placements with demand being higher than the budgeted placement nights. As at the end of June, the budgeted days were 545 compared to actual days used of 1,167.

2. We have seen an increase in residential placements due to both complexity of children and lack of sufficiency within fostering both internally and in the external market.

The service is developing new sufficiency strategies for placements and edge of care services to inform the transformation plan for Children Looked After. Transformation will include Homes & Horizons, recommissioning 16+, market development, reducing unregistered placements, and work with Impower consultancy to increase the number of internal foster carers and step-across options for children and young people.

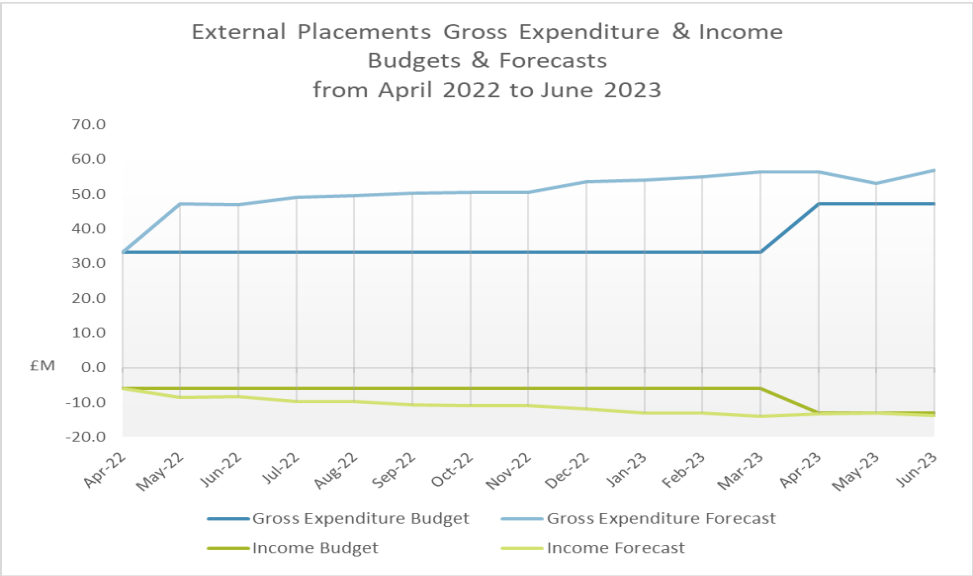
Children & Family Services – key performance cost drivers

The number of children in care has remained relatively stable for a significant period with an unexpected spike in the summer of 2022. This spike was largely children in their teenage years with complex needs. This has had an impact on the number of children in external placements and costs for these children were also higher than expected due to the complexity of their needs.



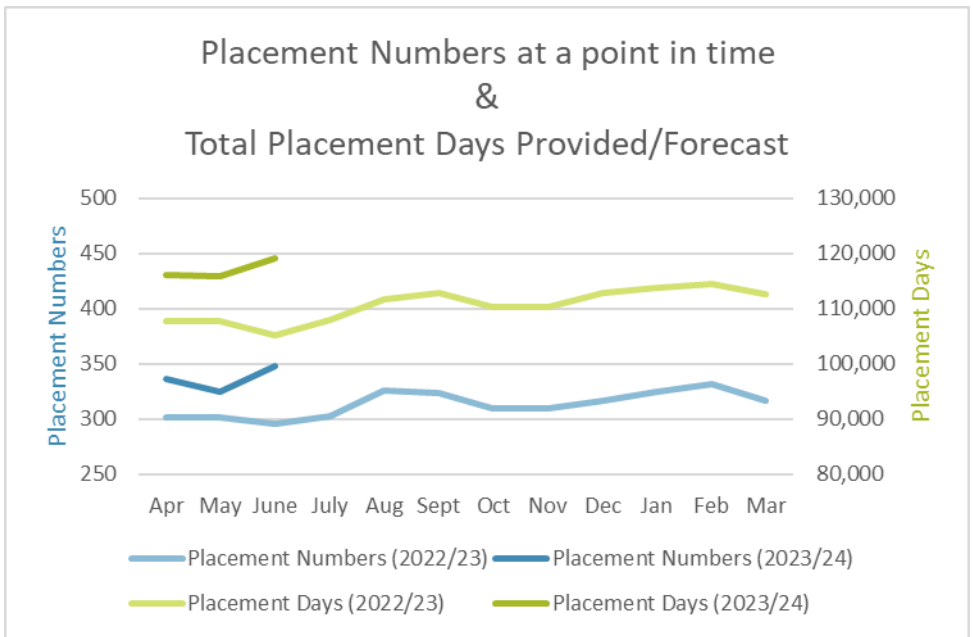
The external placements gross expenditure base budget for 2023/24 has increased by £14.0m to £47.3m in 2023/24. The forecast gross expenditure for 2023/24 is £56.9m, resulting in a forecast overspend on expenditure of £9.6m.

This is being offset by a forecast overachievement of income from the NHS and Education of £0.8m, resulting in an overall net forecast overspend of £8.8m (25.7%).

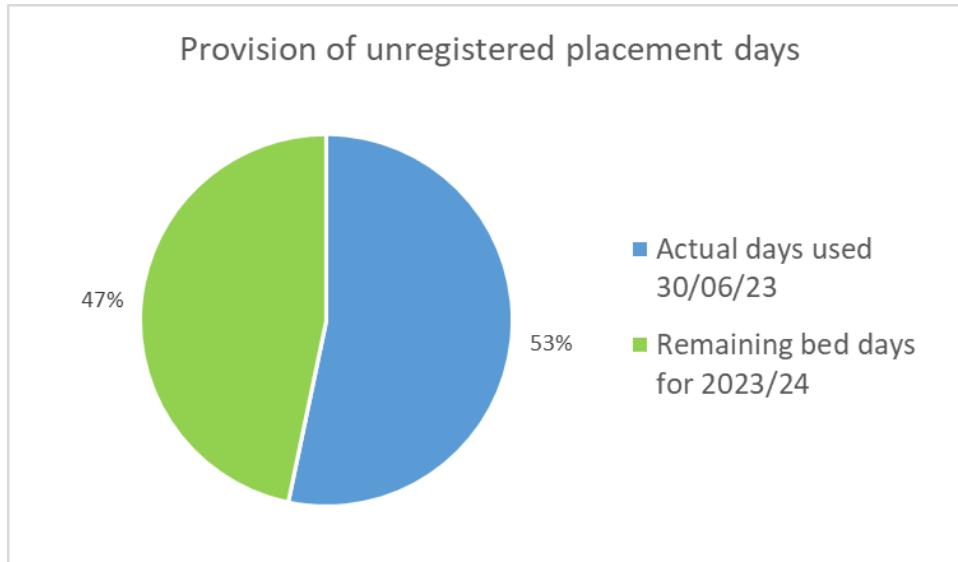


Placement numbers and the forecast number of placement days has increased compared to June last year, mainly due to:

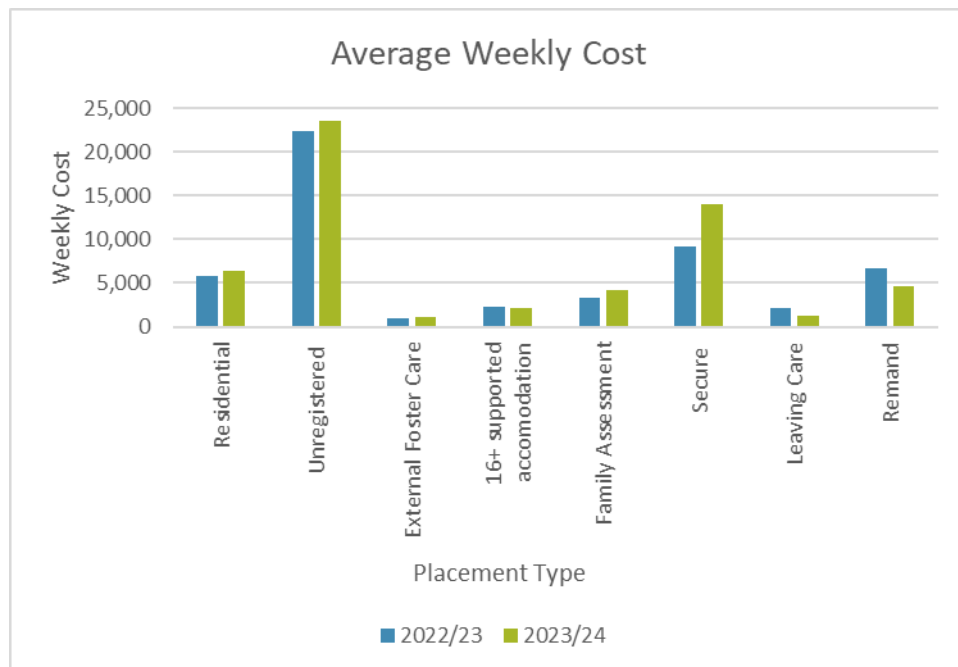
- Increases in placements for Unaccompanied Asylum-Seeking Children (UASC), largely from the National Transfer Scheme, which are only partly funded from the UASC Grant.
- Increases in residential placements due to both complexity of children and lack of sufficiency within the fostering sector.
- Increases in bespoke 16+ supported accommodation placements due to complexity of need.
- Reduction in external fostering placements.



The demand for unregistered bed placements is higher than the budgeted placement days. Over half of the annual 2,190 budgeted placements days have been provided in the first quarter of the financial year.



The average weekly cost of unregistered placements is £23.5k, a 5% increase on last year's average weekly cost. The average weekly cost of residential placements has increased by 10%.



Children & Family Services - key risks, future issues, and opportunities

For reasons outlined by the Competition and Markets Authority, the external residential market is a difficult market with unreasonable expectations of profits. Somerset is disproportionately exposed to Private Equity companies which often expect a 25% return. Although Children Looked After numbers in Somerset have remained largely stable over the last year, they have increased by 10% in Counties nationally over the same period. Lack of sufficiency, nationally, has led to providers being able to choose children with the least complex needs, again maximising profit, and minimising risk. The immediate impact is an increase in unregulated provision as providers refuse to take our most complex children.

There are also insufficient secure placements nationally which has a domino effect on residential care sufficiency. It is of note that NHS England has reduced tier 4 mental health beds for children by 90% in Somerset – leading to additional costs for the most complex children for the Council.

In parallel, there is a risk that the cost-of-living crisis and reducing budgets in partner organisations will have a significant impact on demand in children's social care including the number of children requiring support, or the complexity of need, and therefore the cost of services. Due to the complexities of families and communities and their resilience it is unclear when this risk might occur.

16+ Supported Accommodation (high risk)

There is a specific risk that the Ofsted's new inspection regime for 16- and 17-year-old supported accommodation placements, which begins in the Autumn of 2023, will lead to increased cost for the CLA budget. National analysis by Newton Europe puts this increase at between 15% and 30%.

The annual additional cost to the Council is likely to be in the range of £0.9m to £1.9m (including the small additional new burdens grant from DfE).

The retender of the 16+ services with housing should encourage more competition and move spot purchasing to a lower cost block arrangement which will help to mitigate against this risk.

Education Partnership and Skills (EPS) (medium risk)

EPS has a gross expenditure of £29.7m and is dependent on schools and academies buying the traded service.

Somerset schools are significantly underperforming, and the Council has recently initiated a five-year strategy to improve educational outcomes. The financial health of the education support services provided to schools and early years settings, and of the schools and settings themselves, is of concern, particularly in 2023/24 due to inflation.

The traded income assumptions continue to be updated in the financial model. Should schools (maintained and academies) choose to buy less than the trading assumptions this would result in a loss of income. The buy back for the following financial year will be calculated mid-year every year and services are resized accordingly.

Home to Schools Transport for Mainstream and SEN (medium risk)

In 2022/23, the overall cost of mainstream passenger transport had risen by 50% since 2018 despite static demand, while demand for SEND transport has doubled in the same period, with per passenger costs increasing by 10% (See table below). A significant factor in the rise in demand for SEND transport was a rise in number of children with EHCPs.

	Demand Number of Passengers		Costs £m		Cost per passenger £/annum	
	SEN	Mainstream	SEN	Mainstream	SEN	Mainstream
Mar-23	1,252	8,212	8.9	12.3	7,109	1,498
Mar-22	1,112	7,825	7.0	9.9	6,316	1,269
Mar-21	885	8,003	5.4	9.7	6,052	1,217
Mar-20	857	8,074	5.3	9.4	6,209	1,168
Mar-19	758	8,347	4.6	9.8	6,073	1,175
Mar-18	674	8,400	4.4	8.1	6,468	968

Another main driver of increased cost has been the increasing cost of contracted supply. Suppliers have been bidding higher for tenders and in addition to a 2% fuel allowance which was given to reflect inflation, this has driven up unit costs. The average annual cost of providing transport for every SEN child has risen from £6,468 in 2018 to £7,109 in 2023 (10% increase) and the average annual cost of providing

transport to mainstream children has risen from £968 in 2018 to £1,498 in 2023, a 54% increase.

An additional £5.6m in relation to these demand and inflationary increases is included in the 2023/24 budget for mainstream and SEN transport. Forecasting future costs and demand is challenging. Edge Public Solutions were commissioned to conduct a deep dive review of Home to Schools Transport following unprecedented growth in demand and costs. In April 2023 Edge produced a report that summarised the review findings, detailed opportunities and made recommendations to make financial and service improvements. Following discussion at the Transformation Transition and Change Board there has been approval to establish a transformation programme to address the recommendations of the Edge review.

Opportunities

Our transformation programme includes the following improvements, which taken together are significantly changing the model of children's services in Somerset to improve the efficiency and effectiveness of how we use our limited resources. The transformation programme is acting at all levels and drawing in a wide all-age partnership across health, care, and education, including:

- **New placement and edge of care sufficiency strategies** – describing emerging needs and response. Both strategies will inform a children looked after transformation plan, overseen by the new CLA Outcomes Transformation Board. Changes incorporate new provision, market development, fostering redesign, Family Safeguarding business case and regional commissioning.
- **Homes and Horizons** – a strategic partnership with the charity, the Shaw Trust, to deliver up to ten homes for children, up to 20 foster homes and therapeutic education provision for the most complex children in our care. This aligns with the political ambition to ensure that children from Somerset in our care have a home in the county and allows us to bring children who have been placed elsewhere home to their communities.
- **Education for Life strategy** – with the ambition and confidence to improve outcomes for children in both our maintained and academised sector schools over the next five years. This is a central pillar of the Council's work.

- **Our SEND strategy** – focussing with our partners on ensuring that our children with SEND are included with their peers in their schools and communities and well supported in all aspects of their lives. Two key elements of this that will help to address financial challenges are a focus on early identification and support to reduce demand for statutory support, and the focus on developing more inclusive mainstream education provision and specialist provision for children with social, emotional, and mental health needs.
- **Connect Somerset** – an early help partnership between the Council, the NHS, schools, the voluntary sector, and our communities, ensuring that professionals and communities work together to help families and residents to improve their lives. This work is integrated with the Neighbourhoods, Local Community Networks and Primary Care networks.

Transformation, Savings, and Income Generation

Children’s Services revenue budget includes £4.6m of MTFP transformation and other savings.

Homes to Inspire/Strategic Partnership (on track) – The first four 'Homes and Horizons' children's homes have opened. Our first 5 young people are settling in well, with a strong partnership approach currently supporting the transition of two further children into new homes from unregistered provision. The programme continues at pace with home 5 (due to open early in August) and home 6 due to open towards the end of 2023. Planning work continues for the first annexes (for crisis provision) and pods (for Staying Close provision) and for the establishment of the registered Therapeutic Education Provision, and these aspects of the programme are the most at risk currently. Unless delivered on time this will impact on 2023-24 financial year savings. As reported to Children's Scrutiny Committee, the programme is on course to deliver system savings of £2m (of which £1.2m relates to Children’s Social Care, primarily by reducing the number of children in unregistered provision where costs would otherwise be significantly higher).

Family Safeguarding saving (on track) – this saving is about preventing children coming into care. The savings target, set in early 2020, relates to reduced numbers of children coming into care. The impact of the pandemic, which led to more children coming into care, could not be anticipated. Numbers of children in care have reduced

significantly and are now stable evidencing the positive impact of this service on children remaining in their birth family.

There is approximately £2.3m of MTFP savings at risk:

Increased staff turnover (high-risk) – the £0.5m saving in 2023/24 increases the total turnover saving to £1m per year which is unlikely to be deliverable because we have a more stable workforce.

Diagnostic Review of Children’s Services (medium risk) – the Impower report identifies potential savings which deliver approximately 6 to 8 step downs from residential to in house fostering, but there is a risk that not all savings will be delivered in 2023/24 due to the unknown timescale to drive significant change in in-house fostering services.

Children and Family Services – Dedicated Schools Grant (DSG)

Dedicated Schools Grant – key explanations, actions, and mitigating controls

The DSG is a ring-fenced grant which is allocated in four blocks:

- **Schools** funds the Individual Schools’ Budgets of Academies and Local Authority Maintained schools.
- **Early Years** funds the provision of education for children from age three up to age five and for qualifying two-year olds.
- **High Needs** funds the place budgets at special schools, Enhanced Resource schools and Pupil Referral Units within the local authority’s geographical boundary and other expenditure required to support children and young people with additional educational needs.
- **Central Schools Services** funds limited central expenditure on behalf of all schools and academies plus historic commitments that have been agreed by the Schools’ Forum

The forecast variances by the four DSG blocks are outlined below.

Table 5: 2023/24 Dedicated Schools Grant Summary

DSG Block	Balance b/fwd at 1 Apr 2023 surplus/(deficit)	Total funding for 2023/24	Allocation to Academies and LA Schools	Total funding available for services 2023/24	2023/24 Forecast Quarter 1	Forecast in-year variance surplus/(deficit)	Forecast balance c/fwd at 31 Mar 2024 surplus/(deficit)
	£m	£m	£m	£m	£m	£m	£m
Schools	2.6	370.5	373.0	(2.5)	0.3	(2.8)	(0.1)
Central Schools	5.6	5.0	-	5.0	5.0	0.0	5.6
Early Years	0.9	30.6	-	30.6	30.6	0.0	0.9
High Needs	(29.8)	85.2	9.5	75.7	85.6	(9.9)	(39.7)
Total	(20.7)	491.4	382.5	108.9	121.6	(12.7)	(33.4)

The DSG is forecast to have an in-year deficit of £12.7m in 2023/24 giving a carried forward cumulative deficit of £33.4m when added to the brought forward balance of £20.7m. The main area for concern continues to be the High Needs Block with a forecast in-year deficit of £9.9m and there is forecast in-year deficit on the Schools Block of £2.8m of which £2.5m is planned expenditure for growing schools and academies and £0.3m is for unplanned expenditure to support asylum-seeking children.

The main areas contributing to the £9.9m adverse variance in the High Needs Block are:

1. Planned budget pressure (£5.6m adverse variance)

The planned budget allocation for 2023/24 included a forecast in-year pressure on the High Needs Block of £5.6 million. Largely this is due to two related factors: year-on-year growth in the number of children and young people with an EHCP (education, health, and care plan), (93% increase from 2019 to 2022) and a lack of sufficient provision within Somerset's maintained sector for children with social, emotional, and mental health needs.

2. Independent & Non-Maintained Schools (INMS) (£3.1m adverse variance)

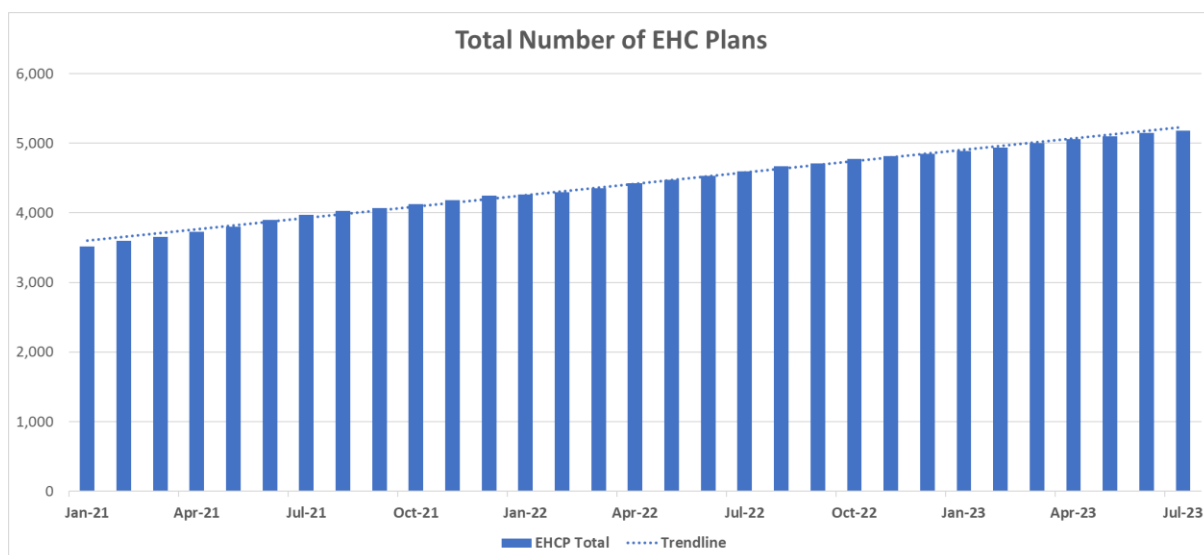
The effect of the significant increase in new INMS placements agreed through the LA's Placement and Travel Panel or ordered by the SEND Tribunal continued in the first quarter of 2023/24. In part, this has been due to insufficient availability of maintained specialist provision for pupils with social, emotional, and mental health needs.

3. Children Looked After (CLA) (£0.9m adverse variance)

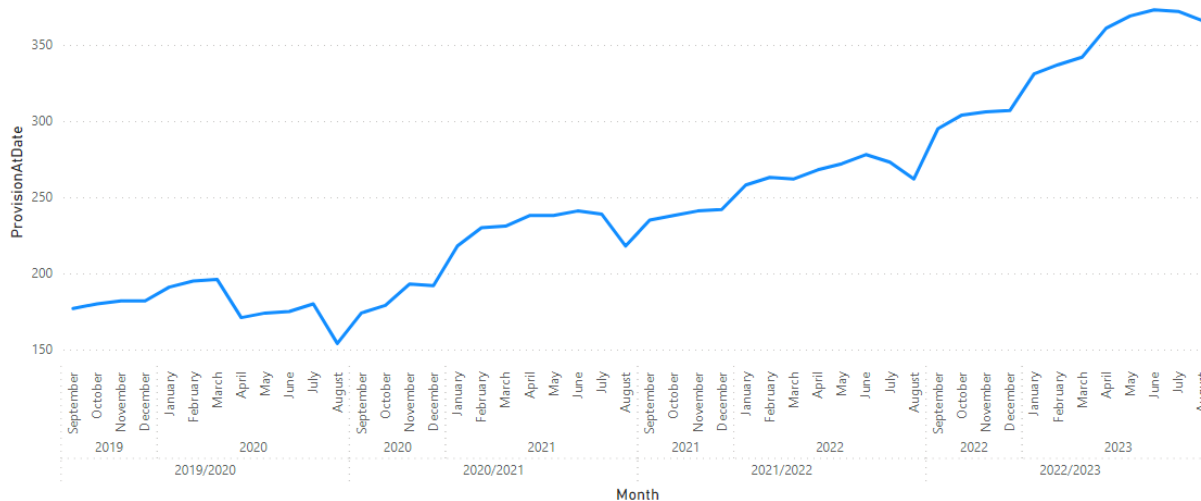
The complexity and, therefore, cost of CLA placements resulting in a contribution from education has increased above the budgeted assumptions.

Dedicated Schools Grant - key performance cost drivers

Since 2018, Somerset has experienced a steady growth in the number of children with Education Health & Care (EHC) plans as shown below. Previously, Somerset was an outlier, nationally, with extremely low numbers of children with EHC plans, as there was a policy of allocating high needs funding to mainstream schools to support children. This policy was changed in 2018 to ensure there was better oversight and accountability for use of high needs funding. From 2018 to 2023 there was an increase nationally in the proportion of school pupils from 2.9% to 4.3%. Somerset is now slightly above the national level at 4.5% of pupils with an EHC plan.



The graph below shows the growth in the number of children accessing independent non-maintained specialist (INMS) schools. INMS schools are significantly more costly (Approx £30k per pupil per year) than placements in maintained specialist schools. These placements are only made where there is no viable alternative placement available in a maintained setting, so the growth is a result of not having sufficient maintained provision in Somerset to meet the range of needs.



Dedicated Schools Grant - key risks, future issues, and opportunities

The key issues relating to the DSG Reserves are:

1. The projected future overspends in the High Needs Block will continue to create increasing deficits within that block and hence within the overall DSG Reserves position. This is discussed further in the High Needs Block sections below.
2. The DSG had an overall cumulative deficit of £20.7m at 31 March 2023. The statutory override that allows the separation of DSG deficits from the local authority's wider finances is due to expire in March 2026 whereupon the DSG deficit will need to be recognised within the local authority's overall level of reserves.

The key risks in the High Needs Block are:

1. Increased demand for education, health, and care plans (EHCP)

The key driver for increases in high needs spending is increased demand for EHC plans. Having had one of the lowest rates of EHC plans nationally in 2018, Somerset has seen a continued increase in rates of EHC plans and the current rate of 4.0%, is now just above the national average of 3.9% (2021/22 figures). Although most children with EHC plans are educated in mainstream schools, there has been a gradual movement of children from mainstream settings into specialist settings, with demand for places exceeding the growth in the provision of specialist settings. £10.1m of DfE capital funding was made available in 2022 allowing the

development of a new phase of the capital programme, which focuses on special school satellites, enhanced learning provision across the county and new therapeutic education capacity, to enable more children to access inclusive provision close to where they live. In addition, service transformation activity linked to the national Delivering Better Value (DBV) programme focuses on improving interventions and support at an early stage to prevent the need for so many EHC plans.

2. Sufficiency of provision of Social, Emotional and Mental Health (SEMH) support

There is currently insufficient SEMH provision in Somerset with the only provider currently operating significantly below capacity. This has been caused by a poor Ofsted rating for this provider. In addition, the opening of a new special SEMH free school in South Somerset has been delayed from September 2022 to September 2024. These issues result in SEMH needs being met by higher cost INMS providers. In 2022 the Council successfully applied for another SEMH special free school in the Wells area, which will cater for 64 children. However, this is not expected to be delivered until 2027. These will help to address the current lack of SEMH provision.

Transformation, Savings, and Income Generation

There have been two key programmes of work to address the ongoing challenges in the high needs block. The specialist capital programme began in 2019, supported by investment from the local authority, to expand and improve Somerset's specialist estate. This has resulted in an increase of 361 additional places in specialist SEND provision across the county to date. In 2022, the Council received a £10.1 million DfE high needs capital grant, which is being used to fund further increases in specialist SEND capacity, through development of special school satellites, enhanced learning provisions in mainstream settings, and therapeutic education provision. In addition, the Council has successfully bid for two new Special Free Schools, which the DfE is responsible for delivering. The first was due to open in September 2022, but has been delayed and is now expected to open in September 2024. This will ultimately provide 120 new places. The second is due to open in 2027 and will provide a further 64 places.

Since April 2022, the service has been working with IMPOWER Consulting to identify further opportunities to improve outcomes for children and reduce pressures on high needs budgets. This work has focused on improving early

identification and support and led to the set-up of a dedicated advice line for schools to support earlier intervention, as well as a trial of the Somerset Inclusion Tool (Valuing SEND) to improve planning around transitions for children with SEND. This is helping to identify children who can remain in mainstream settings with the right support, who might otherwise have moved into more specialist settings.

Following on from this, in summer 2022, Somerset was invited to participate in the DfE-led Delivering Better Value programme. This is aimed at 55 local authorities with significant high needs deficits, but not the 20 areas with the biggest deficits (who access a different “safety valve” programme). During autumn 2022 the service worked with Newton Europe and CIPFA to develop an improved understanding of our demand and financial trajectories in relation to high needs, as well as identify opportunity areas where improvements and efficiencies could be made. This has resulted in the award of a £1m grant from DfE to support transformation and test and learn activity.

Newton’s analysis has suggested that there are opportunities for reducing high needs expenditure, which could realise a £1.05m benefit by the end of 2024/25, and a cumulative benefit of £7.93m by the end of 2027/28. However, based on Newton’s model, it is still expected that the cumulative deficit will continue to grow each year, unless there were to be significant changes to SEND policy or funding at a national level. Newton have reported that in each of the local authorities they have worked with, they are projecting that deficits will continue to grow, so Somerset is in line with other areas in this respect.

The Department for Education still requires the Local Authority to produce a DSG Deficit Management Plan to evidence how it will reduce the in-year deficit to zero by 31st March 2026 when the statutory override expires. The activities and opportunities identified through the work with IMPOWER Consulting and the DBV SEND programme are included in Somerset’s DSG Deficit Management Plan with further mitigating actions being developed.

Children and Family Services – Local Authority (LA) Maintained Schools Revenue Reserves

LA Maintained Schools - key explanations, actions, and mitigating controls

These reserves are regarded as being under the control of the individual schools and not the local authority and are therefore not included in the calculation of the overall DSG reserves.

The overall revenue reserves of the 133 local authority's maintained schools were £19.8m at 31 March 2023. Projections for 2023/24 indicate a sharp downturn in the forecast for most schools, with overall revenue reserves expected to decrease by around £8m during the year and move into overall deficit during 2024/25.

- At the beginning of the year, 9 schools shared a cumulative deficit position of £1.9 million and 124 schools shared a cumulative surplus of £21.7m.
- Budget plans submitted by schools for 2023/24 show significant budgetary pressures with 103 of 122 plans submitted by 30 June 2023 indicating projected in year deficits totalling £8.2m. These schools are now the focus of targeted work to review their budgets in detail and develop financial recovery plans.
- One school, Wadham Secondary, had a cumulative deficit of £1.5m at 31 March 2023 and does not have an agreed recovery plan. The underlying problems have now been addressed by an area restructure, but the historic deficit is too large to be recovered solely by this school. A proposal has been developed to manage down this deficit over a 5–10-year period. There is a risk that the local authority may be required to fund the deficit if the school is required to convert to an academy due to underperformance.

LA Maintained Schools - key risks, future issues, and opportunities

Somerset's education system as whole (both the academised and maintained sectors) is underperforming and the 2022 assessment outcomes showed a trajectory of decline. While funding and finance issues are significant factors contributing to school performance, they do not determine educational outcomes. However, a weakened support infrastructure around schools has been strongly associated with that decline and financial stability is necessary for strong and reliable support services. Ensuring that financial uncertainty does not disrupt the focus on improvement and the benefit of improvement for children is therefore a priority for the local authority.

Key stakeholders, including Schools and the Local Authority are currently being consulted on proposals that are designed to mitigate risks and provide clarity and stability in relation to financial measures associated with a change of status from local authority maintained to academy status.

These proposals have been considered by Scrutiny and were agreed on 2 August by the Executive:

- a) Change the approach to managing Core Offer contracts when a school converts to academy status.
- b) Update the Council's academy charge for schools electing to convert to academy status.
- c) Apply Department for Education guidance when dealing with surplus and deficit balances on conversion to academy status.
- d) Implement the proposal at (c) in relation to surplus and deficit balances effective from the date of decision (2 August 2023)

There are currently 13 schools with an academy order and a further 10 that have notified of an intention to academise. Five of the schools with orders have directive academy orders due to underperformance which means that costs cannot be recouped but any surplus would be retained.

Public Health – Executive Director Trudi Grant, Lead Member Cllr Adam Dance

- 2023/24 Net Budget £1.2m, no projected variance
- 2022/23 Net Budget £1.3m, no variance at outturn

Table 6: 2023/24 Public Health as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Public Health Grant	22.6	22.6	0.0	-
Somerset Council Budget	1.2	1.2	0.0	-
Grant Income	(22.6)	(22.6)	0.0	-
Public Health Total	1.2	1.2	0.0	-

Public Health - key risks, mitigations, future issues, and opportunities

The Public Health budget is currently projected to be on budget for both the ringfenced grant and the Somerset Council budget.

Both the Public Health Grant and the Somerset Council funding managed by public health are under significant pressure caused by contract and pay inflationary increases. This pressure will intensify following an early indication of a 1% increase to the Public Health Grant for the 2024/25 financial year which is again significantly below inflation. We are still awaiting a decision by the treasury to pay the inflationary

pay increase for staff on active NHS Agenda for Change Terms and Conditions where teams are employed outside of the NHS.

There is a systemic underfunding of public health in Somerset. The Public Health Grant is significantly below the national average being 141st out of 153 local authorities nationally. Improvements in whole population health are not achievable within the constraints of the public health budget. A new operating model for public health is underway in order to focus the activity of the Public Health Team towards influencing policy, commissioning and spend right across the Somerset system towards improving health and tackling inequalities.

Community Services – Director Executive Director Chris Hall, Lead Member Cllr Federica Smith-Roberts

- 2023/24 net budget £34.7m, no projected variance.

Table 7: 2023/24 Community Services as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Housing				
Lifeline	(0.5)	(0.5)	0.0	-
Housing Enabling	0.4	0.4	0.0	-
Housing Strategic	1.3	1.3	0.0	-
Homelessness	4.2	4.2	0.0	-
Customer Services				
Customers & Communities	7.6	7.6	0.0	-
Cultural Services				
Library Service	3.8	3.8	0.0	-
Heritage Service	1.7	1.7	0.0	-
Leisure - Sports Centre	2.0	2.0	0.0	-
Museum/ Theatres	0.6	0.6	0.0	-
Visitor Centre	0.1	0.1	0.0	-
Tourism	0.1	0.1	0.0	-
(wellbeing) Community Safety	0.5	0.5	0.0	-
Regulatory & Operational Services				
Scientific Services	0.0	0.0	0.0	-
Registration	(0.2)	(0.2)	0.0	-
Environmental Health	4.2	4.2	0.0	-
Bereavement Services	(1.2)	(1.2)	0.0	-
Harbours	0.3	0.3	0.0	-
Ports	0.0	0.0	0.0	-
Street Cleansing	5.0	5.0	0.0	-
Open Spaces	3.1	3.1	0.0	-
CCTV	0.7	0.7	0.0	-
(wellbeing) Community Grants	1.0	1.0	0.0	-
Communities Services Total	34.7	34.7	0.0	-

Community Services - key risks, mitigations, future issues, and opportunities

Cultural Services

Freedom Leisure Contract – there may be an under recovery of income from the contracted schedule of payments in 2023/24 due to changes in the business rate policy and pension contributions as well as benchmarking clauses currently being discussed in relation to the dramatically increased utility costs that are placing significant pressure on the contractor's budget position. The service is continuing to work with the contractor to find solutions to reduce the impact to the Council. A bid may be required, as part of the MTFP process, to reflect the impact of any changes in future years.

Octagon Theatre & Westlands Entertainment Venue – the Council currently subsidises the delivery of this provision to the community. The revenue budgets are currently under pressure from the rising cost of inflation. In addition, The Octagon has been closed to complete survey work and preparatory work as part of the proposed redevelopment tender process. The service is working with finance to review the annual budgets and business plan to see where savings could be made and / or income could be increased to mitigate any variance to the net budget.

Housing

Homelessness – the Council has a statutory duty to assist in the prevention and provision of accommodation to those who are at risk of or become homeless. The service is seeing an increase in the number of approaches and the number of cases which the service has a duty to investigate due to the cost-of-living crisis. The cost of temporary accommodation has also increased due to the economic climate and local demand pressures on B&B and private rented accommodation. Whilst the government is providing £1.6m in the form of a Homelessness Prevention Grant and an extra £940k Ukraine Homeless Prevention Grant, there is a risk that the service will overspend above its base budget from the Council to fulfil its statutory duty. The service's current projections suggest that existing earmarked reserves should cover any overspend in this financial year. To reduce any impact on the MTFP, the service's directorate plan includes implementing a consistent approach, improving performance measures and the development of an accommodation strategy. In addition, the government has pledged a further £1.6m Homelessness Prevention Grant in 2024/25.

Climate & Place – Executive Director Mickey Green, Lead Members – Cllr Dixie Darch, Cllr Mike Rigby, Cllr Ros Wyke

- 2023/24 net budget £87.7m, projected adverse variance of £5.1m

Table 8: 2023/24 Climate & Place as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Climate, Environment & Sustainability				
Civil Contingencies	0.4	0.4	0.0	-
ECl Management	0.4	0.4	0.0	-
Business Support	1.3	1.3	0.0	-
Waste Services	49.4	52.8	3.4	A
Drainage Board Levy	2.3	2.3	0.0	-
Climate Change Costs	0.8	0.8	0.0	-
Infrastructure & Transport				
Highways and Transport Commissioning	1.8	1.8	0.0	-
Community Infrastructure	0.6	0.6	0.0	-
Infrastructure Programmes Group	0.4	0.6	0.2	A
Highways	16.4	17.5	1.1	A
Traffic Management	1.0	1.0	0.0	-
Transporting Somerset	9.3	9.3	0.0	-
Car Parks	(7.3)	(7.3)	0.0	-
Fleet Management	0.3	0.3	0.0	-
Economy, Employment & Planning				
Economy and Planning	2.2	2.6	0.4	A
Commissioning Development	0.1	0.1	0.0	-
Building Control	0.5	0.5	0.0	-
Development Control	1.5	1.5	0.0	-
Planning Policy	3.5	3.5	0.0	-
Economic Development	2.8	2.8	0.0	-
Climate & Place Total	87.7	92.8	5.1	

Climate & Place - key explanations, actions, & mitigating controls

Climate and Place is currently forecasting an outturn variance of £5.1m. The forecasted overspends are due to the following:

Climate, Environment and Sustainability

- Waste Services is forecasting an overspend of £3.4m at outturn. This can be explained by the following:
 - An increase in residual waste has been seen at both the kerbside and recycling centres. The budgeted increase was estimated to be 0.7%, however figures at the end of Quarter 1 shows that the actual increase for this period is 4.2%. Based on this increase the forecasts have been amended to reflect the higher costs. The increase in tonnages is currently

being investigated by the service to understand what has caused this significant increase.

- The additional bank holiday for the King's coronation, meant that there was an impact on waste collections and was not anticipated in budgets.
- An anticipated change of legislation due in January 2024 regarding DIY waste (removing charges at recycling centres) adds further pressures to the waste budget.
- Waste services have been able to negotiate an improved pay award shared with Suez, however this has provided a further unbudgeted pressure within the service. This however has avoided any strike action which would have caused disrupted waste collections across the County and resulted in significant costs.

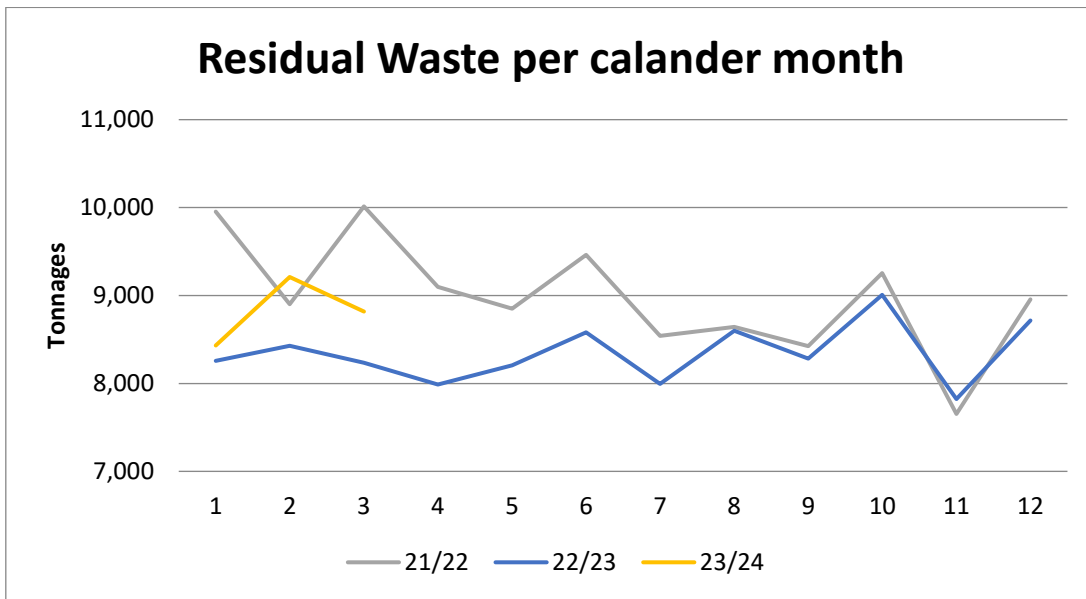
Infrastructure and Transport

- Highways is forecasting an overspend of £1.1m at year end. As many authorities are finding this is due to an increase in Safety defects across the road network. The service continues to work hard to successfully complete the investigation and repair works. This pressure is a continuation of the situation that Somerset County Council reported in 2022/23.
- Infrastructure Programmes Group have highlighted pressures of £0.2m. This is due to being unable to allocate salary costs to capital schemes, the service is currently supporting revenue funded projects as well as Capital works.

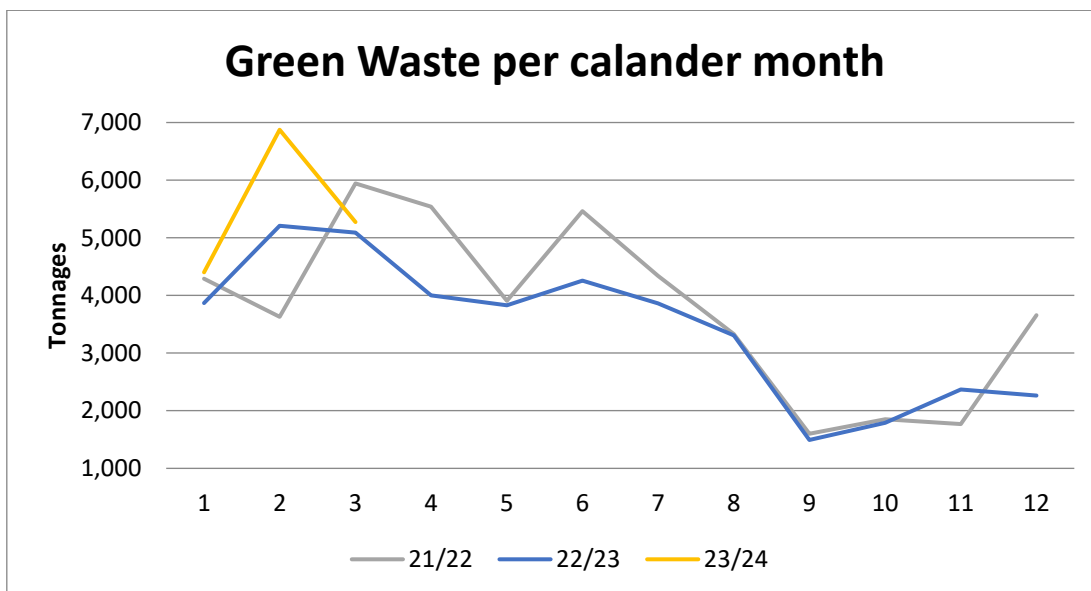
Economy, Employment and Planning

- A one-off pressure of £0.4m has been identified in this area due to a change in how funding from DWP can be applied. Work continues to try and mitigate this pressure, and the service are exploring other funding streams to try and mitigate this action.

Climate & Place - key performance cost drivers



The above graph shows the residual waste (per tonnage) per month. The residual waste includes Kerbside collected waste and waste deposited at the recycling centre. The graph currently shows the reduction of waste in 2022/23 compared to 2021/22, however this highlights the unexpected increase in tonnages for 2023/24.



The above graph shows the green waste (per tonnage) per month. It is expected to see a downwards trend between month 6-12 (September to April) due to the seasonality of garden waste. The graph currently highlights a higher tonnage of green waste compared to 2021/22 and 2022/23.

Climate & Place - key risks, future issues & opportunities

Due to the current economic climate, there are several key risks and future issues that need to be taken into consideration:

- **Contract inflation** is applied at various times throughout the year, as the increase in contract could be led by RPI or CPI it is currently difficult to predict accurately what the impact for each contract might be. In addition, there are a number of contractual disputes which are being worked through. It is anticipated that these can be resolved in a timely matter, but in resolution may see increased costs agreed.
- **Impact of cost-of-living crisis.** As costs continue to rise, spending habits may change therefore it is possible that services across Economic and Community Infrastructure will see a decrease in income budgets.
- **Staff vacancy levels.** Difficulties in recruiting permanent staff across Climate and Place continue to impact on the ability to deliver services, where possible agencies have been used to fill critical roles. However, this has a financial impact as generally the cost of these staff is higher than budgeted for.

Risks can be identified due to the change in climate. It is almost difficult to be able to identify financially what the impact of climate change will be year on year, but risks with a potential financial impact include:

- Icy conditions will see a high demand on the Highways service to grit primary and secondary routes.
- An increase in rainfall raises the risk of flooding across the County. This will require input from the Emergency Planning department, Highways and Traffic Management to help ensure residents can safely navigate around the affected areas.
- The extreme changes in weather will impact the road surfaces which continues to increase the safety defects reported and increases the costs of investigation and corrective action for potholes.

Climate and Place are working with finance colleagues to ensure pressures within budgets are highlighted and that income has been received as anticipated. There is a risk that further pressures will be identified as this work continues.

Strategy, Workforce & Localities – Executive Director Alyn Jones, Lead Members Cllr Theo Butt Philip, Cllr Liz Leyshon, Cllr Mike Rigby & Cllr Bill Revans

- 2023/24 net budget £20.2m, projected adverse variance £1.5m.

**Table 9: 2023/24 Strategy, Workforce & Localities as at the end of June 2023
(Month 3)**

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Partnership & Localities				
Community Development	0.8	0.8	0.0	-
Strategy & Performance				
Communications	1.2	1.2	0.0	-
Transformation & Change	2.2	2.2	0.0	-
Land Charges	(0.6)	(0.6)	0.0	-
Performance	0.4	0.4	0.0	-
Workforce				
Human Resources & Organisational Development	5.1	5.1	0.0	-
Learning & Development	0.9	0.9	0.0	-
Governance, Democratic & Legal Services				
Democratic Services	4.6	4.6	0.0	-
Legal Services	5.6	7.1	1.5	A
Strategy, Workforce & Localities Total	20.2	21.7	1.5	A

Strategy, Workforce & Localities – key risks, mitigations, future issues, and opportunities

Legal Services

The forecast £1.5m is an estimate in respect of an anticipated increase in external legal costs based on the previous year’s reported pressures. This is due to the continued need to place legal cases, principally in respect of childcare, with external legal experts.

An improvement plan is under development and some initial actions have already been implemented. This includes reviewing practice, improving representation to the courts, and developing capacity in the Legal Services team. The intention is to reduce the need to externalise this work and, in turn, reduce the level of spend that is currently being incurred in this service.

Resources & Corporate Services – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon, Cllr Mike Rigby & Cllr Ros Wyke

- 2023/24 net budget £21.6m, projected adverse variance of £1.4m.

Table 10: 2023/24 Resources & Corporate Services as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Finance & Procurement				
Finance	8.3	8.3	0.0	-
Director of Resources & Corporate Services	0.2	0.2	0.0	-
Commercial & Procurement	1.7	1.7	0.0	-
Revenues	1.7	2.4	0.7	A
Housing Benefits	1.1	1.3	0.2	A
Property Services				
Property Services	11.9	12.3	0.4	A
Commercial Investment Properties	(21.1)	(21.1)	0.0	-
Information Communication Technology				
ICT	17.8	17.9	0.1	A
Resources & Corporate Services Total	21.6	23.0	1.4	A

Resources & Corporate Services - key risks, mitigations, future issues, and opportunities

Revenues

Additional spend in respect of temporary staff due to service pressures. Work is being undertaken on identifying unallocated funding in the earmarked reserves for this area to fund the additional costs. Additional spend in respect of Foster Carers and Carers Leave discount which was approved as part of the Council Tax Discounts and Premiums scheme for the new Council.

Housing Benefits

Temporary resourcing required to maintain service delivery resulting in additional spend on staffing. The Housing Benefit Admin Subsidy grant received is anticipated to be less than the budget. The temporary resourcing additional spend is partially covered by funding received in the form of a government grant (Ukrainian refugee scheme).

Property Services

Vacant property running costs are forecast to be higher than budget as the service is taking on larger complex sites and properties are vacant for longer periods due to ongoing phosphates issues delaying planning. Tenancy changes at various properties has resulted in an anticipated shortfall of income in respect of rent receivable.

Various other overspends anticipated on several budgets including facilities costs, property maintenance and training costs. The additional spend has been partially offset by an anticipated underspend on cleaning costs.

The budget in respect of National Non-Domestic Rates (NNDR) payable is expected to be exceeded, however the impact of this will be minimised due to a revaluation in respect of an office premise. The revaluation mentioned is expected to reduce the NNDR payable in respect of the office premises and therefore reduce the spend.

Information Communication Technology

Additional costs have been incurred in respect of the Office365 backup costs. The cost in respect of consolidating into a single electronic payments system will be more than anticipated and the work on data centre consolidation is not achievable in this financial year meaning the budget will be exceeded.

Work is being undertaken to find a solution that delivers the Office365 backup work on budget, an update on progress will be provided in quarter 2. All service budgets are being reviewed and budget savings will be identified to offset the additional costs anticipated in respect of the systems consolidation work.

Accountable Bodies – Executive Director Mickey Green, Lead Members – Cllr Mike Rigby, Cllr David Woan, Cllr Mike Stanton

- 2023/24 net budget £3.7m, no projected variance.

Table 11: 2023/24 Accountable Bodies as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Somerset Rivers Authority	3.0	3.0	0.0	-
Local Enterprise Partnership	0.0	0.0	0.0	-
Connecting Devon & Somerset	0.7	0.7	0.0	-
Accountable Bodies Total	3.7	3.7	0.0	-

Accountable Bodies - key explanations, actions, & mitigating controls

Somerset Rivers Authority (SRA)

Somerset Rivers Authority is currently reporting to be within budget and are not anticipating any draws from or to reserves.

Local Enterprise Partnership (LEP)

LEP is currently reporting to be within budget and are not anticipating any draws from or to reserves.

Connecting Devon & Somerset (CDS)

CDS is currently reporting to be within budget and are not anticipating any draws from or to reserves.

Accountable Bodies - key risks, future issues & opportunities

Somerset Council acts as the accountable body for the Heart of the Southwest LEP, providing a service across the core functions of the LEP and its programmes. This is in the context of an assurance framework for this programme funding meeting Government principles and expectations. In performing these functions, Somerset Council works closely with the LEP core team, and the services Somerset Council provides are specified and resourced via a service level agreement between the LEP and Somerset Council.

LEP performance is subject to periodic assessment and an annual formal review by Government – the most recent of these for 2022/23 looked positively on Somerset Council's accountable body services to the LEP.

LEPs are being reviewed by Government and in March 2023 the Chancellor indicated that the Government is minded ceasing funding them post 2023/24. Detailed outcomes of this review have been received regarding LEP integration into local authorities including Somerset Council. The Council is working with the LEP and partner Local Authorities to seek advice about the treatment of LEP assets remaining at this point.

Non-Service – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon

- 2023/24 net budget £9.8m, projected favourable variance £0.5m

Table 12: 2023/24 Non-Service as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Local Government Reform	0.1	0.1	0.0	-
Contributions	0.9	0.9	0.0	-
Corporate Costs	9.3	9.3	0.0	-
Financing Transactions	40.6	40.6	0.0	-
Special Grants	(56.4)	(56.9)	(0.5)	(F)
Pay Award	15.3	15.3	0.0	-
Non-Service Total	9.8	9.3	(0.5)	(F)

Non-Service - key risks, mitigations, future issues, and opportunities

Special Grants

The favourable variance of £0.5m for Special Grants is due to receiving confirmation that the Rural Services Delivery grant and the 2023/24 Services Grant will be higher than budgeted. The grant confirmation was received after the budget setting process.

Traded Services – Executive Director Claire Winter, Lead Member Cllr Tessa Munt

- Traded Services are required to set a net nil budget with full costs offset by income generated.

Table 13: 2023/24 Traded Services as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Dillington	0.0	0.2	0.2	A
Traded Services Total	0.0	0.2	0.2	A

Traded Services - key risks, mitigations, future issues, and opportunities

Dillington's deficit for the year is forecast to be £0.240m with operating costs continuing to increase, particularly food, drink, and utility bills. Salary costs have also increased due to using agency staff whilst current employees secure alternative employment.

Contingencies – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon

- 2023/24 allocation of £6m, assumed £6m is committed.

Table 14: 2023/24 Contingencies as at the end of June 2023 (Month 3)

Service Area	Original Budget	Contingency Allocations £m	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Corporate Contingency	6.0	0.0	6.0	6.0	0.0	-
Contingencies Total	6.0	0.0	6.0	6.0	0.0	-

Contingencies – key risks, mitigations, future issues, and opportunities

Corporate Contingency

The Corporate Contingency is showing as being fully committed in order to cover the additional costs of the national pay award over and above the 5% that was budgeted for, temporary staffing, the additional costs in closing the accounts of the predecessor councils and costs of the financial resilience review.

Core Revenue Funding – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon

- 2022/23 net budget (£473.4m), no projected variance

Table 15: 2023/24 Core Revenue Funding as at the end of June 2023 (Month 3)

Service Area	Current Budget	Full Year Projection	Month 3 Variance	A/(F)
Council Tax	(345.4)	(345.4)	0.0	-
Business Rates	(116.1)	(116.1)	0.0	-
Revenue Support Grant	(7.9)	(7.9)	0.0	-
Flexible Use of Capital Receipts	(4.0)	(4.0)	0.0	-
Core Revenue Funding Total	(473.4)	(473.4)	0.0	-

Core Revenue Funding – key explanations, actions, & mitigating controls

There is currently no variance projected for outturn.

Transformation, Savings, and Income Generation Proposals

The Council's 2023/24 revenue budget includes over £40m of approved MTFP transformation, savings, and income generation proposals (TSIGP). As at the end of quarter one, it is forecast that 72% will be delivered against this target and 1% will be achieved over and above this target.

Delivery of the 2023/24 Approved Savings is vital and where this cannot be achieved then the development of alternative recovery or mitigation measures to address any forecast underachievement of approved savings is required by the relevant Service Director.

Table 16 shows the forecast achievement of TSIGPs against the original approved amounts. Services monitor these monthly based on their achievement to date and the forecast profile for realising the savings over the year. Any over or under achievement is reflected in the forecast outturn position.

Within the overall profile, £29.3m (72%) are either achieved or on-track to be delivered.

Table 16: Performance of Agreed Transformation, Savings, and Income generation Proposals as at end of June 2023 (Month 3)

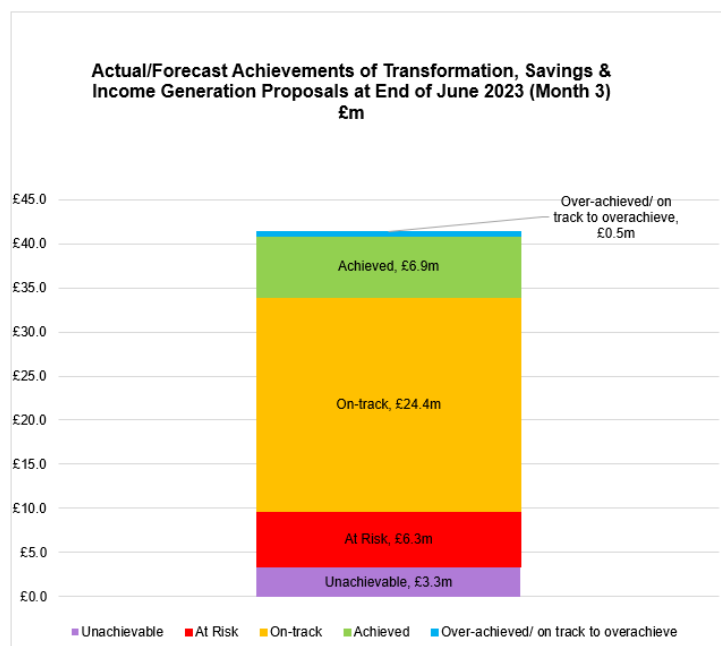
Service Area	Approved TSIGP	Over-achieved/ on track to overachieve	Achieved	On-track	At Risk	Unachievable
	£m	£m	£m	£m	£m	£m
Adults Services	10.5	0.0	2.0	3.7	0.0	4.8
Children's Services	4.6	0.4	0.2	2.1	2.3	0.0
Public Health	0.1	0.0	0.0	0.1	0.0	0.0
Communities Services	1.5	0.0	0.1	0.5	0.4	0.4
Climate & Place	7.9	0.0	0.6	5.2	2.1	0.0
Strategy, Workforce & Localities	0.6	0.0	0.6	0.1	0.0	0.0
Resources & Corporate Services	4.7	0.1	0.8	3.6	0.2	0.1
Non-Service	11.0	0.0	2.6	7.1	1.3	0.0
Total	40.9	0.5	6.9	22.4	6.3	5.3

At Risk/Unachievable savings total £11.6m (28%) and include:

- **Adult Services – Total savings £10.5m, £4.8m unachievable.**
 - Newton Europe savings. Longer rollout than originally anticipated. £4.8m of the £5.0m saving will now be achieved in 2024/25.
- **Children & Family Service – Total savings £4.6m, £2.3m at risk.**

- Turnover Factor (high-risk) – the £0.5m saving in 2023/24 increases the total turnover saving to £1m per year which is unlikely to be deliverable because we have a more stable workforce.
 - Family Intervention (high risk) - a review of the original savings assumptions has been undertaken and an alternative delivery model proposed.
 - Diagnostic Review of Children’s Services (medium risk) – the Impower report identifies potential savings which deliver approximately 6 to 8 step downs from residential to in house fostering, but there is a risk that not all savings will be delivered in 2023/24 due to the unknown timescale to drive significant change in in-house fostering services.
 - Strategic Partnership Staying Close Pods and Annexes (medium risk) – delays in identifying a cost-effective construction method, procurement of the pods and annexes, and agreeing a planning route have resulted in a 4-month delay to opening the provision. There is a risk of further slippage while there is still no contractor in place.
- **Communities Services – Total savings £1.5m, £0.8m at risk/unachievable.**
 - Freedom Leisure Contract savings. Income & costs determined by contract with Freedom Leisure, so savings opportunities are limited. £0.669m at risk/unachievable
 - Reduction in Watchet Harbour dredging activity. Activity is still required therefore £0.020m saving unachievable.
 - Alignment of fees & charges for new Lifeline customers. Currently undertaking a review of income and costs to provide confidence that the savings are achievable following merger of lifeline services - £0.106m potentially at risk.
- **Climate & Place – Total savings £7.9m, £2.1m at risk.**
 - Recycle More. Latest data shows increase in landfill tonnages. Therefore £1.7m of the total saving (£3.1m) is at risk.
 - Materials Income. The entire £0.4m saving is at risk due to fluctuating material prices and volumes caused by the recession.
- **Resources & Corporate Services – Total savings £4.7m, £0.3m at risk/unachievable.**
 - Mobile Devices. £0.051m saving is due to be delivered January 2024. Project Manager considers this value to be at risk.
 - Reduction Treasury Management Advice costs. £0.025m at risk due to lack of baseline & Invoicing data.

- Review of SAP Licences. Project Manager advises anticipated delay putting the £0.050m saving at risk.
 - Environmental Health IT. No activity in the programme to realise this saving therefore the entire £0.039m saving is at risk.
 - Various Supplies and Services Minor Budget Reductions. No activity in the programme to realise this saving therefore the entire £0.004m saving is at risk.
 - Subscriptions. No activity in the programme to realise this saving therefore the entire £0.005m saving is at risk.
 - Office 365 back-up contracts. Project Manager states this £0.026m saving is likely unachievable due to pressure to extend Office 365 back-up.
 - Data Centre Consolidation. Linked to office rationalisation therefore £0.050m saving will not be achievable this year.
 - Housing Benefit Admin Grant (2% increase): The increase in the Government Grant, was less than anticipated resulting in this £0.028m saving being unachievable.
- **Non-Service – Total savings £11.0m, £1.3m at risk.**
 - LGR Staffing savings. Work is currently being undertaken on the new staffing structures for the council, with some proposals out for consultation. Until the consultation is complete the financial savings cannot be guaranteed.



Treasury Management

The creation of the unitary authority from 1st April has considerably changed the nature of the treasury investments compared to any of the portfolios of the five predecessor councils.

No further investment has been made in pooled funds during the quarter, we have maintained the £116.5m already invested by the five prior councils. It is likely we will be looking to reduce this level of investment as the year progresses.

The outlook for interest rates is for the Bank of England (BoE) base rate to continue to increase from the 5.25% seen at the beginning of August. The BoE has raised rates at each of the last 13 Monetary Policy Committee meetings (including every meeting in 2022 and the first six months of 2023) and markets expect this trend to continue at least until autumn 2023.

The rapid increase in rates has allowed us to broadly maintain interest income versus budget despite the reduction in balances.

A summary of investment balances and movements during the last three months is shown in Table 17 below:

Table 17: Investment Balances and Movements as at end of June 2023 (Month 3)

	Balance as at 31-03-2023 £m	Balance as at 30-06-2023 £m	Movement £m
Money Market Funds	16.8	35.7	+18.9
Notice Bank Accounts	0.0	20.0	+20.0
Time deposits/CDs – Banks	70.0	70.0	+0.0
Intra Unitary Deposits	45.0	0.0	-45.0
Time Deposits – LAs	73.0	30.0	-43.0
Debt Management Office	0.0	0.0	+0.0
Strategic Pooled Funds	116.5	116.5	+0.0
Total Investments	321.3	272.2	-49.1

Similar to the position on investments the creation of the unitary council has created a significantly different debt portfolio with a significant amount of short-term borrowing.

The Council is currently managing the cost of borrowing through its Treasury Management activities, as set out in the approved Treasury Management Strategy, by utilising cash funds available rather than taking external debt. This is known as internal borrowing and the council has utilised this strategy over the past three years. This has seen some debt repaid on maturity with only selective deals being renewed. As we move forward through the 2023-24 financial year it is likely that additional debt will be required to manage cash balances and meet capital expenditure.

Paying down some debt initially has allowed us to make savings on debt interest costs in the first fiscal quarter. The majority of the existing debt is fixed rate and therefore it is less sensitive to the increases in BoE base rate but the cost of new debt when needed will be higher than originally budgeted.

Table 18: Debt Balances and Movements as at end of June 2023 (Month 3)

	Balance as at 31-03-2023 £m	Balance as at 30-06-2023 £m	Movement £m
Local Authority	191.5	113.0	-78.5
PWLB	234.8	234.8	+0.0
Fixed Rate Bank	57.5	57.5	+0.0
LOBO Bank	108.0	108.0	+0.0
Total General Fund	591.8	513.3	-78.5
Local Authority	15.0	15.0	+0.0
PWLB	135.9	135.9	+0.0
Fixed Rate Bank	3.0	3.0	+0.0
Total HRA	153.9	153.9	+0.0
Total Debt	745.7	667.2	-78.5

Background Papers

28. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023

29.2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to
Council February 2023

Appendices

Appendix 1 - Update on Month 3 Budget Monitoring Report with Month 4 (end of July 2023)

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	28/07/2023
Communications	Chris Palmer	03/08/2023
Finance & Procurement	Nicola Hix	03/08/2023
Workforce	Chris Squire	03/08/2023
Asset Management	Oliver Woodhams	28/07/2023
Executive Director / Senior Manager	Jason Vaughan	27/07/2023
Strategy & Performance	Alyn Jones	03/08/2023
Executive Lead Member	Cllr Liz Leyshon	15/08/2023
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	15/08/2023
Scrutiny Chair	Cllr Bob Filmer, Scrutiny Corporate and Resources	15/08/2023

Appendix 1 - Update on Month 3 Budget Monitoring Report with Month 4 (end of July 2023) figures:

There have been minimal movements since the month 3 report, therefore an abbreviated report, focusing on the movement in forecast outturn, has been produced in conjunction with the month three report.

As shown in table 1 below, there have been minimal changes since month three.

**Table 1: 2023/24 Budget Monitoring Report as at the end of July 2023
(Month 4)**

Service Area	Original Budget	Current Budget	Full Year Projection	Month 4 Variance	A/(F)	Movement	Direction
	£m	£m	£m	£m		From Month 3	From Month 3
Adult Services	186.6	185.5	197.6	12.1	A	0.0	→
Children & Family Services	123.1	123.1	131.9	8.8	A	0.0	→
Public Health	1.2	1.2	1.2	0.0	-	0.0	→
Communities Services	35.2	34.9	34.9	0.0	-	0.0	→
Climate & Place	87.1	87.6	90.3	2.7	A	(2.4)	↑
Direct Services Position	433.3	432.3	455.9	23.6	A	(2.4)	↑
Strategy, Workforce & Localities	20.2	20.2	21.7	1.5	A	0.0	→
Resources & Corporate Services	20.5	21.5	22.8	1.3	A	(0.1)	↑
Accountable Bodies	3.7	3.7	3.7	0.0	-	0.0	→
Non-Service	9.8	9.8	9.3	(0.5)	(F)	0.0	→
Traded Services	0.0	0.0	0.2	0.2	A	0.0	→
Total Service Position	487.4	487.4	513.5	26.1	A	(2.5)	↑
Corporate Contingency	6.0	6.0	6.0	0.0	-	0.0	→
Total after Contingencies	493.4	493.4	519.5	26.1	A	(2.5)	↑
Reserves	(19.9)	(19.9)	(19.9)	0.0	-	0.0	→
Council Tax	(345.4)	(345.4)	(345.4)	0.0	-	0.0	→
Business Rates	(116.1)	(116.1)	(116.1)	0.0	-	0.0	→
Revenue Support Grant	(7.9)	(7.9)	(7.9)	0.0	-	0.0	→
Flexible Use of Capital Receipts	(4.0)	(4.0)	(4.0)	0.0	-	0.0	→
Total Month 4 Position	0.0	0.0	26.1	26.1	A	(2.5)	↑

After taking into account all service expenditure and contingencies, the projected outturn position is £519.5m against a net budget of £493.4m. This gives a £26.1m adverse variance which represents a variance of 5.8%. This is a favourable movement of £2.5m since month three. The majority of this variance is due to waste contract risk liabilities.

Although there has been a favourable movement since month three, it should still be noted that the forecast overspend is of sufficient magnitude and is potentially destabilising to the authority's financial sustainability. If the overspend is not

managed down, it will significantly adversely impact the level of reserves held by the Council. Service Directors have been tasked to take actions within their areas to address their potential overspend. Where the overspend cannot be contained within a service, the Executive Director has been tasked with taking the necessary actions to do this within their Directorate.

The movement in the forecast outturn includes:

Climate & Place – Executive Director Mickey Green, Lead Members – Cllr Dixie Darch, Cllr Mike Rigby, Cllr Ros Wyke

- 2023/24 net budget £87.7m, projected adverse variance of £2.7m. Favourable movement of £2.4m since month three.

Table 2: 2023/24 Climate & Place as at the end of July 2023 (Month 4)

Service Area	Current Budget	Full Year Projection	Month 4 Variance	A/(F)	Movement From Month 3	Direction From Month 3
Climate, Environment & Sustainability						
Civil Contingencies	0.4	0.4	0.0	-	0.0	→
ECI Management	0.4	0.4	0.0	-	0.0	→
Business Support	1.3	1.3	0.0	-	0.0	→
Waste Services	49.4	50.2	0.8	A	(2.6)	↑
Drainage Board Levy	2.3	2.3	0.0	-	0.0	→
Climate Change Costs	0.8	0.8	0.0	-	0.0	→
Infrastructure & Transport						
Highways and Transport Commissioning	1.8	1.8	0.0	-	0.0	→
Community Infrastructure	0.6	0.6	0.0	-	0.0	→
Infrastructure Programmes Group	0.4	0.6	0.2	A	0.0	→
Highways	16.4	17.7	1.3	A	0.2	↓
Traffic Management	1.0	1.0	0.0	-	0.0	→
Transporting Somerset	9.3	9.3	0.0	-	0.0	→
Car Parks	(7.3)	(7.3)	0.0	-	0.0	→
Fleet Management	0.3	0.3	0.0	-	0.0	→
Economy, Employment & Planning						
Economy and Planning	2.2	2.6	0.4	A	0.0	→
Commissioning Development	0.1	0.1	0.0	-	0.0	→
Building Control	0.5	0.5	0.0	-	0.0	→
Development Control	1.5	1.5	0.0	-	0.0	→
Planning Policy	3.5	3.5	0.0	-	0.0	→
Economic Development	2.8	2.8	0.0	-	0.0	→
Climate & Place Total	87.7	90.4	2.7		(2.4)	↑

Waste Services

There is a forecast overspend of £0.8m, with a favourable movement of £2.6m since month three. The movement relates to reviewing the waste contract risk and revising the potential liabilities to the end of the financial year.

Highways

There is a forecast overspend of £1.3m, with an adverse movement of £0.2m since month three. The movement relates to anticipated costs associated with preparing data ready for the new Highways contract.

Resources & Corporate Services – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon, Cllr Mike Rigby & Cllr Ros Wyke

- 2023/24 net budget £21.6m, projected adverse variance of £1.4m. Favourable movement of £0.1m since month three.

Table 3: 2023/24 Resources & Corporate Services as at the end of July 2023 (Month 4)

Service Area	Current Budget	Full Year Projection	Month 4 Variance	A/(F)	Movement	Direction
					From Month 3	From Month 3
Finance & Procurement						
Finance	8.3	8.3	0.0	-	0.0	→
Director of Resources & Corporate Services	0.2	0.2	0.0	-	0.0	→
Commercial & Procurement	1.7	1.7	0.0	-	0.0	→
Revenues	1.7	2.4	0.7	A	0.0	→
Housing Benefits	1.1	1.2	0.1	A	(0.1)	↑
Property Services						
Property Services	11.9	12.3	0.4	A	0.0	→
Commercial Investment Properties	(21.1)	(21.1)	0.0	-	0.0	→
Information Communication Technology						
ICT	17.8	17.9	0.1	A	0.0	→
Resources & Corporate Services Total	21.6	22.9	1.3	A	(0.1)	↑

Housing Benefits

There is a forecast overspend of £0.1m, with a favourable movement of £0.1m since month three. The resourcing requirements have been reviewed and resources have been reallocated from within the team therefore further funding is not required. The shortfall on the admin grant funding reported at month three is no longer an issue and the budget pressure has now been mitigated.

Children & Family Services – Dedicated Schools Grant (DSG) – Executive Director Claire Winter, Lead Member Cllr Tessa Munt

- 2023/24 net budget £108.9m projected adverse variance of £14.1m. Favourable movement of £1.4m since month three.

Table 4: 2023/24 Children & Family Services (DSG) as at the end of July 2023 (Month 4)

DSG Block	Balance b/fwd at 1 Apr 2023 surplus/(deficit) £m	Total funding for 2023/24 £m	Allocation to Academies and LA Schools £m	Total funding available for services 2023/24 £m	2023/24 Forecast Month 4 £m	Forecast in-year variance surplus/(deficit) £m	Forecast balance c/fwd at 31 Mar 2024 surplus/(deficit) £m
Schools	2.6	370.5	373.0	(2.5)	0.3	(2.8)	(0.1)
Central School	5.6	5.0	-	5.0	5.0	0.0	5.6
Early Years	0.9	30.6	-	30.6	30.6	0.0	0.9
High Needs	(29.8)	85.2	9.5	75.7	87.0	(11.3)	(41.1)
Total	(20.7)	491.4	382.5	108.9	123.0	(14.1)	(34.8)

The DSG is forecast to have an in-year deficit of £14.1m in 2023/24 which is an adverse movement of £1.4m from month three. This gives a forecast cumulative deficit of £34.8m by 31 March 2024.

The adverse movement in the month has resulted from an increase in the forecast number and cost of new or extended placements at Independent and Non-Maintained Schools and a forecast increase in the number of children with Education, Health and Care Plans being supported within mainstream schools.

Decision Report - Executive



Decision Date – 6 September 2023

Forward Plan Ref - FP/23/07/13

Key Decision – yes

Corporate Performance Management Report Q1 2023/24

Executive Member(s): Cllr Liz Leyshon

Local Member(s) and Division:

Lead Officer: Alyn Jones – Executive Director Strategy, Workforce and Localities

Author: Sara Cretney – Service Director Strategy and Performance

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Background

1. It is essential that Somerset Council has a clear understanding of how key services are performing in order to understand the Council's impact, and enable the Council to prioritise investment, identify and address areas of concern, and to celebrate success.
2. A Performance Management Framework for Somerset Council has been developed and approved prior to Vesting Day through the Local Government Reorganisation (LGR) Programme Board. This framework, in addition to setting out Corporate Performance Reporting arrangements, details how wider performance management will be undertaken throughout the tiers of the organisations, for example Directorate and Service level performance reporting.
3. The Council Plan for Somerset Council was approved by Full Council at its meeting in February 2023. This sets out the high-level priorities for the Somerset Council. The Business Plan, which will set out the detailed activities being undertaken to deliver the Council Plan, will form the basis of performance reporting going forward. The Business Plan is in early stages of development but will not be finalised until later in the year.
4. Pending adoption of the Business Plan, Executive agreed that an interim approach is adopted whereby performance is managed against a set of operational indicators set out against Executive Directorate areas.

Summary

5. A limited set of core Key Performance Indicators (KPIs), for reporting on the first quarter of the unified Somerset Council (Q1 2023/2024), has been developed with Executive Directors based on operational activities. This set of KPIs will be developed further as services align.
6. Where there are currently limited or no KPIs for a service area, it is because service alignment and transition is taking shape and/or the indicators are complex and challenging to merge into a single measure for the whole of Somerset Council.
7. Tolerance and targets are being developed as part of the development of KPIs.
8. Any key issues identified from each Executive Directorate performance outturns for Q1 2023/2024 in appendix A are noted below;

Directorate	No of KPIs	KPIs with RAG	Red	Amber	Green
Adults Services	8	8	12.5% (1)	12.5% (1)	75% (6)
Childrens Services	40	15	40% (6)	33% (5)	27% (4)
Climate & Place	17	0			
Community Services	17	11	18% (2)	27% (3)	55% (6)
Public Health	6	5	0	60% (3)	40% (2)
Resources & Corporate Services	1	0			
Strategy, Workforce & Localities	12	2		100% (2)	

- Public Health
 - a) Performance on 2.5 years developmental checks is being affected by low staff numbers. This target is a key priority as it is linked to the best start in life education strategy.
- Children and Family Services
 - a) The percentage of Somerset Schools rated Inadequate is above the national benchmark and attendance at schools for both Primary and Secondary is lower than national levels.
 - b) The number of children and young people who are NEET (not in education, employment or training) remains higher than pre-covid numbers.
 - c) The service continues to plan for school places in line with pupil forecast numbers.

- Adult services
 - a) The number of overdue assessments and reviews continue to remain high and above target, impacted by rising demand, complexity of need and ongoing internal workforce pressures. A weekly Operational Assurance Group has been established to provide strategic overview on the completion of assessments and reviews in operational teams, and to support reduction of backlogs through close monitoring of trajectories and regular reporting to governance/assurance boards, including the Safeguarding Adults Board.

- Community Services
 - a) Food hygiene inspections have been impacted due to resource levels especially in the East.
 - b) A recent survey shows tenant satisfaction is at 76%, slightly below the top quartile of 80%. The compliance indicators for properties with Gas certificates, and communal areas with Fire Risk Assessments, are both at 100%. The level of tenant arrears has improved during the quarter. Work continues to ensure the number of properties that do not meet the “decent homes” standards is as low as possible.
 - c) There has been a significant increase in the number of complaints since Vesting Day. To address this a review is being undertaken to consider the handling process, levels of resourcing, learning from complaints to prevent repeats, and to work with services to reduce them in the first place.

- Climate and Place

No issues to highlight for Q1 2023/2024

- Strategy, Workforce and Localities

No issues to highlight for Q1 2023/2024

- Resources and Corporate Services

No issues to highlight for Q1 2023/2024

- 9. Possible key performance indicators that may be considered for future reporting are listed below. This list is not exhaustive.
 - Community Services

- a) All Leisure and Sports performance outturns are being developed as there is complexity around the various leisure providers data requirements.
- b) Fly tipping incidents and enforcement actions
- c) Development of General Fund aspects of housing, homelessness, and housing options.
- o Climate and Place
 - a) Climate, Environmental and Sustainability service are considering carbon emissions indicators.
 - b) The service continually reviews the trends in the number of people killed and seriously injured in road collisions either with education, enforcement (in liaison with the Police) or engineering. The outturns for this metric will be available in Q2 2023/2024 due to the Police adopting a new data entry system.
- o Resources and Corporate Services
 - a) Finance and Procurement and Strategic Asset Management are developing and aligning indicators to be included in the performance report.
- o Strategy, Workforce and Localities
 - a) Equalities indicators will be included on a six-monthly basis Q2 and Q4 2023/2024.
 - b) Workforce indicators are being developed and aligned to provide a wider context for Somerset Council.

Recommendations

10. The Executive are asked to endorse the first Q1 2023/2024 Performance Management Report (appendix A) for Somerset Council as set out in this report.

The Executive are also asked to consider:

- a) whether the proposed actions are adequate and appropriate to address concerns and improve performance to the desired level.
- b) the content, level of detail provided and the format of the report and make any recommendations for improvements.

Reasons for recommendations

11. To ensure performance management is being effectively managed, reviewed and any areas of concern identified and addressed.

Other options considered

12. Alternative options involving the continuation of existing Somerset Councils' performance reporting arrangements were considered. However, this would not enable the performance of the new unified council services to be managed effectively and efficiently.

Links to Council Plan and Medium-Term Financial Plan

13. Future arrangements for Corporate Performance Reporting will align with the priorities set out in the Council Plan and activities detailed within the Business Plan. In this way performance management arrangements will focus on delivery of the priorities and vision of the Council.
14. The interim arrangements set out in this report will ensure key service delivery performance continues to be monitored and measured.
15. Performance and finance monitoring reporting will be aligned to ensure that these can be considered together.

Financial and Risk Implications

16. There are no direct financial implications to the proposals set out in this report. Detailed Budget Monitoring reports are included within the meeting agenda pack.
17. Failure to have effective arrangements in place to adequately manage performance of key services would create a risk that service performance could deteriorate, and effective corrective action not being undertaken in a timely manner.

Legal Implications

18. There are no legal implications to this recommendation being accepted.

HR Implications

19. There are no direct HR implications resulting from this report. however, consideration will need to be given to resourcing areas of concern identified within the report.

Other Implications:

Equalities Implications

20. Where appropriate measures will be reported including information against protected characteristics. Where services identify disproportionality in service delivery, uptake or impact, additional information regarding these impacts will be provided.

Community Safety Implications

21. There are no implications

Climate Change and Sustainability Implications

22. There are no implications

Health and Safety Implications

23. There are no implications

Health and Wellbeing Implications

24. There are no implications

Social Value Implications

25. There are no implications

Scrutiny comments / recommendations:

26. This is the first corporate performance management report for Somerset Council. Scrutiny arrangements are yet to be confirmed.

Background Papers

- Performance Management Framework for Somerset Council [available on request]

Appendices

- Appendix A: Corporate Performance Management Report for Q1 2023/2024 consisting of the following executive directorate areas.
 - Public Health
 - Children and Family Services
 - Adult Services
 - Climate and Place
 - Community Services
 - Resources and Corporate Services
 - Strategy, Workforce and Localities

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	Alyn Jones	23/08/2023
Communications	Chris Palmer	23/08/2023
Finance & Procurement	Jason Vaughan	23/08/2023
Workforce	Alyn Jones	23/08/2023
Asset Management	Oliver Woodhams	23/08/2023
Executive Director / Senior Manager	Alyn Jones	23/08/2023
Strategy & Performance	Alyn Jones	23/08/2023
Executive Lead Member	Cllr Liz Leyshon	23/08/2023
Consulted:	Councillor Name	
Opposition Spokesperson (circulated)	David Fothergill	23/08/2023
Scrutiny Chairs (circulated)	Martin Dimery Leigh Redman Gill Slocombe Gwil Wren Bob Filmer	23/08/2023

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Appendix A:

Corporate Performance Management Report Q1 2023/2024

Introduction

This is an interim report and suite of Key Performance Indicators (KPIs) that will evolve over time whilst services are transitioning.

It is challenging to merge all key performance indicators into a single metric, set targets or tolerance levels. This is due to various factors such as existing contracts, lease arrangements and systems/processes.

For each Executive Directorate section within this report there is

- a summary overview of the performance indicators which provides context for the outturns, notes improvements and/or achievements during the period.
- An outturn table with key performance indicators with Red Amber Green (RAG) rating where possible.

In addition to the performance indicators provided within this report there are many operational service performance indicators currently being reviewed and aligned across the organisation at Service Director level. Any indicators that are expected to be added to this report from Q2/Q3 2023/2024 onwards have been highlighted in this report. It is intended that future reports will also include trend data where possible to show performance over time.

Public Health

Metrics for Public Health have been chosen which align with the new operating model in Public Health and Public Health priorities for Somerset. Work is underway to define these metrics and workstreams further via expert workshops. There are work programmes for all metrics but with emphasis on those areas which are currently amber. Performance on 2.5 years developmental checks is being affected by low staff numbers. This target is a key priority as it is linked to the best start in life education strategy. Nationally we are performing above average although have set a stretch target to improve further. Somerset is subject to recruitment pressures as per the national picture. To address this, the service is looking at skills mix and opportunities, and early years settings, in addition to recruitment processes to boost staff numbers.

There is a national ambition to increase the number of substance misuse treatment places by 20% for adults and 50% for children by 2025. In Somerset we are on target to achieve the 50% increase in numbers of young people accessing treatment. Achieving the increase in numbers of adult treatment places is proving more challenging. Numbers of people presenting to treatment for opiate use have been following a downward trend for several years, both nationally and locally. In this context, progress towards the overall targeted increase for adult treatment numbers has been slower, despite seeing increases in the numbers of clients accessing treatment for other substances. The latest monthly figures are more promising and show a small increase in the numbers of opiate clients accessing treatment, along with further increases in clients using other substance types. Sustaining this is key to meeting the targeted increase and work is ongoing with partners to ensure that the wider system in Somerset is working to get as many people who need help as possible into treatment.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Q4 2022/2023 Performance	Outturns 2023/2024			
					April	May	June	Q1
Breastfeeding - Gold Award working to gold accreditation in July 24	n/a	Green	no tolerance as an assessment	Green	Green	Green	Green	Green
<p>Public Mental Health</p> <p>Rating is based on metrics reflecting performance of training, numbers accessing service delivery, meeting campaign targets and public uptake of suicide prevention programme</p> <p>Amber rating reflects meetings targets around campaigns and suicide prevention but below expectations on numbers accessing training.</p>	n/a	Green	no tolerance as an assessment	Amber	Amber	Amber	Amber	Amber

Coverage of 2.5 years developmental check	High	85%	Amber within 10% of target Red below 10%	March 82.9%	83.10 %	80%	76.30 %	79.80 %
Adults in structured treatment for Substance Misuse. Target 20% increase from 2021/22 across a range of outcomes for adults and children	n/a	Green	no tolerance as an assessment	Amber	n/a	n/a	n/a	Amber
Smoking: Number of people who are quit at four weeks (Commissioned Services Go Smoke Free and Smoke Free Families)	High	250	Amber within 10% of target Red below 10%	287 (Q4 2022/23) Green	n/a	n/a	n/a	TBC
Public Health Ambassador programme (apportioned target will be set)	Low	8	Amber within 10% of target Red below 10%	0 Green	0 Green	0 Green	0 Green	0 Green

Children and Family Services

The financial pressure set against escalating complexity of need demand into Early Help continues to increase. 100% increase for the first part of this year compared to last year in Early Help assessments submitted via the front door for the Family Intervention Service (FIS). The conversion rate remains between 50-60%, from Early Help Assessment to 'episodes' which is impacting on capacity with FIS. Further work is required with the partnership to ensure that there is a coordinated and graduated response to children's needs.

A small cohort of our children looked after are requiring a multi-agency response to incidents of 'missing'.

The number of children and young people who are Not in Education Employment or Training (NEET) remains higher than pre-Covid numbers. The service continues to plan for school places in line with pupil forecast numbers and the associated impact on school budgets triggered by changing pupil numbers. Also working with schools and partners to improve education outcomes and engagement in education for all children, and for those who are disadvantaged so that they are not disproportionately affected.

There are increasing requests for Education Health and Care (EHC) Assessments and associated pressure on the Statutory Special Educational Needs and Disabilities (SEND) team and system partners. Delivering the SEND Accelerated Progress Plan to help address areas of the system that require further improvement.

There is a national crisis of lack of sufficient homes for children who are looked after (both fostering and residential) which impacts on costs, placement stability, and our commitment to keeping our children in Somerset. The 16+ Youth Homelessness Service is being recommissioned.

The service recently won a prestigious Municipal Journal Award for 'Innovation in Partnerships' and was described as setting a precedent for the future of children's social care.

The timely issuing of the Education, Health and Care Plans (EHCPs) continues to be generally above the national average.

The service is working collaboratively with our partners to improve whole-life outcomes for children, young people, and families through a variety of universal and targeted service and transformation activities; maintaining 'lived experience' and the voice of the child at the heart of what we do.

A new approach to performance management has recently been adopted by the service and as such there is no performance outturn for April and May or for Q1 collectively.

*Measures in this section include benchmarking data for comparative performance, rather than as a target.

Key Performance Indicators	What is good performance high or low	Benchmark *	Tolerance	Outturns 2023/2024			
				April	May	June	Q1
The percentage of Somerset schools rated inadequate	Low	3%	TBC	n/a	n/a	6%	n/a
Overall School Attendance	High	95.3% (Pre Covid, National)	TBC	n/a	n/a	91.9%	n/a
Primary Attendance	High	96% (Pre Covid)	TBC	n/a	n/a	94%	n/a

Secondary Attendance	High	94.5%	TBC	n/a	n/a	90%	n/a
Children with SEND (EHCP & SEND support) Attendance	High	EHCP – 91.3% SEND Support 93.5% (Pre- Covid)	TBC	n/a	n/a	86.6%	n/a
Children with a Social Worker (Children Looked After (CLA)) Attendance	High	TBC	TBC	n/a	n/a	82%	n/a
Children with a Social Worker (Children In Need (CIN) & Child Protection (CP)) Attendance	High	TBC	TBC	n/a	n/a	74.0%	n/a
Overall Persistent School Absences	Low	2021/22 Ofsted: England 23.2% South West 25.7% Pre-Covid Somerset 11.3%	TBC	n/a	n/a	21.8%	n/a
Primary Persistent School Absences	Low	8.2% (Pre Covid)	TBC	n/a	n/a	15.3%	n/a

Secondary Persistent School Absences	Low	13.7% (Pre-Covid)	TBC	n/a	n/a	27.9%	n/a
Children with SEND (Education Health and Care Plan (EHCP) & Special Educational Needs and Disabilities (SEND) Support) Persistent School Absences – Special Schools	Low	28.8% (Pre-Covid)	TBC	n/a	n/a	37.8%	n/a
Children with SEND (EHCP & SEND Support) Persistent School Absences – Pupil Referral Units	Low	TBC	TBC	n/a	n/a	85.8%	n/a
Children with a Social Worker (Children Looked After (CLA)) Persistent School Absences	Low	TBC	TBC	n/a	n/a	82%	n/a
Children with a Social Worker (Children In Need (CIN) & Child Protection (CP)) Persistent School Absences	Low	TBC	TBC	n/a	n/a	74%	n/a
Overall Exclusions – Rolling 12 months	Low	120 (2021/22 Somerset Outturn)	TBC	n/a	n/a	144	n/a
Children with SEND (EHCP & SEN Support) Exclusions – Rolling 12 months	Low	75 (2021/22 Somerset Outturn)	TBC	n/a	n/a	100	n/a
Children with a Social Worker (CLA) Exclusions – Rolling 12 months	Low	TBC	TBC	n/a	n/a	0	n/a
Children with a Social Worker (CIN & CP) Exclusions – Rolling 12 months	Low	TBC	TBC	n/a	n/a	12	n/a
EHCPs – Request for Assessment	N/A	N/A	TBC	n/a	n/a	81	n/a

Percentage of Education Health and Care (EHC) Assessments Completed within 20 weeks	High	60%	TBC	n/a	n/a	54.35 %	n/a
Total Number of EHCPs maintained	N/A	N/A	TBC	n/a	n/a	5101	n/a
Not in Education Employment or Training (NEET) %	Low	Somerset 2.1% 2021- 2.2% (National NEET)	TBC	n/a	n/a	4.4%	n/a
NEET - Unknown	Low	For 2021 6.3% Participatio n 93.6%	TBC	n/a	n/a	4.5%	n/a
Percentage of Children receiving a 2-2.5 year review who are in receipt of a Universal Service at time of review	High	N/A	TBC	n/a	n/a	67%	n/a
Percentage of Children receiving a 2-2.5 year review who are in receipt of a Targeted Level Service at time of review	High	N/A	TBC	n/a	n/a	9.2%	n/a
Percentage of Children receiving a 2-2.5 year review who are in receipt of a Specialist Level of Support at time of review	High	N/A	TBC	n/a	n/a	1.9%	n/a
Proportion of Children receiving a New Birth Visit following discharge from midwifery at 10-14 days	High	England: 72.8% SW: 82.7%	TBC	n/a	n/a	84.30 %	n/a

Proportion of Children receiving a New Birth Visit following discharge from midwifery after 14 days	High	England: 25.6% SW: 14.8%	TBC	n/a	n/a	15%	n/a
Overall proportion of children receiving their 2-2.5 year check	High	England: 77.6% SW: 74.1%	TBC	n/a	n/a	76%	n/a
Children Looked After (Rate per 10,000)	N/A	N/A	TBC	n/a	n/a	51.9	n/a
Number of children open to Social Care at Risk of Child Exploitation	N/A	N/A	TBC	n/a	n/a	92	n/a
Targeted Early Help referrals (Local Authority) Rolling 12 months	N/A	N/A	TBC	n/a	n/a	5146	n/a
Number of children in residential care	N/A	N/A	TBC	n/a	n/a	79	n/a
Number of children in Foster Care (combined internal and external provision)	N/A	N/A	TBC	n/a	n/a	343	n/a
Ratio of children in Foster Care (Internal/External provision)	TBC	70% Internal 30% External	TBC	n/a	n/a	Internal 62.5% External 37.5%	n/a
Number of children adopted over the last 12 months	N/A	N/A	TBC	n/a	n/a	52	n/a
Percentage of Children Looked After (CLA) in Residential Care who are placed outside of Somerset	TBC	TBC	TBC	n/a	n/a	37.42%	n/a
Percentage of CLA in Foster Care who are placed outside of Somerset	N/A	N/A	TBC	n/a	n/a	35.76%	n/a

Percentage of Under 16s in Care who are in unregistered provision	N/A	N/A	TBC	n/a	n/a	3.23%	n/a
Number of households with dependent children assessed as being at risk of homelessness	N/A	N/A	TBC	n/a	n/a	34	n/a

Adult Service

Executive Director Mel Lock

Somerset has continued to see the impact of additional investment and focused commissioning activity, as well as some pick up in care provider recruitment of new starters over recent months, with levels of unmet homecare need falling to their lowest ever levels since March 2021 (hitting zero at the end of May 2023 and maintaining this for June 2023). This is a significantly improved picture.

Care package contract 'handbacks' had steadily reduced during the latter months of 2022 (from 38 in May to 6 in December 2022). The monthly average for the 3 months from April to June 2023 was 11. The average per month during 2022/23 was 18.6. This compares to 22.5 for 2021/22. Although occasional care package handbacks are not uncommon and can occur for a variety of reasons, most commonly staffing capacity issues within the provider, these rose sharply during the pandemic.

New placements (both permanent and temporary) into residential and nursing care are closely tracked and monitored by the service. Findings emerging from our work with Newton Europe as part of in-depth diagnostic of opportunities across Adult Social Care (ASC) aims to support our practice and approach in promoting people's independence and ensure people receive the right support at the right place at the right time will inform our next steps and strategic planning activity.

In June 2023, 44.5% of safeguarding concerns received by the Safeguarding team were accepted as requiring a formal safeguarding response. This exceeds the 2021/22 national average conversion rate of 29.9% and is an indicator of an effective pathway decision process. The rate for the whole of 2022/23 was 45.3%. Between April and June, in approx. 96% of cases, the identified safeguarding risk was either removed or reduced following enquiry completion.

The number of overdue assessments and reviews continue to remain high and above target, impacted by rising demand, complexity of need and ongoing internal workforce pressures. A weekly Operational Assurance Group has been established to provide strategic

overview on the completion of assessments and reviews in operational teams, and to support reduction of backlogs through close monitoring of trajectories and regular reporting to governance/assurance boards, including the Safeguarding Adults Board.

ASC continues to receive good levels of feedback about teams and functions across our service and from a wide variety of sources. During June 2023, a total of 23 stakeholder feedback responses were submitted, 21 of which (91.3%) rated the service that had been received or the outcome achieved as either ‘Good’ or ‘Excellent’. Both positive and less positive feedback is proving invaluable and helping reinforce areas our understanding of what is working well and where more attention is needed and has already been used to help inform learning and improvement activity, as well as monthly staff ‘shout outs’ and recognition. It is evident that the single biggest element and influencer of both positive and negative feedback is communication – how clear, responsive, professional and compassionate we all are in our respective job roles makes a fundamental difference to the experience of those we engage with and support. Wider learning from customer feedback has been captured in our 2022/23 Annual Report and was promoted in detail in our internal May 2023 Highlight Report.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns 2023/2024			
				April	May	June	Q1
Sourcing Care: Number of care packages on unmet need list	Low	15	TBC	4	0	0	
Number of returned packages of care (homecare ‘hand backs’)	Low	TBC	TBC	10	12	12	
No of new placements in residential and nursing care in month (18-64)	Low	10 per 10,000	TBC	2	0	2	

No of new placements in residential and nursing care in month (65+)	Low	52 per month	TBC	58	47	46	
% of total contacts handled and resolved with no costed service by Somerset Direct	High	60%	TBC	63.7%	62.7%	60.6%	
Safeguarding risk outcomes – proportion of individuals for whom the risk was reduced or removed following safeguarding intervention	High	90%	TBC	98.0%	95.0%	95.9%	
ASC stakeholder feedback - % rating service received from ASC as 'Good' or 'Excellent' overall	High	75%	TBC	77.8%	92.3%	91.3%	
Total number of overdue Care Act Assessments	Low	200	TBC	767	782	752	

Community Services Key Performance Indicators for Q1 2023/2024
Executive Director Chris Hall

Cultural Services

There is still a large piece of work to be carried out to provide KPIs for this service area as there are many complexities that surround the alignment of services.

The performance outturn shows that there has been a slight decrease in the number of visitors (in person) compared to the same period last year, the reason for this is due to visitor counter damages; additional bank holidays (Coronation); relocation to temporary accommodation.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Q4 2022/2023	Outturns 2023/2024			
					April	May	June	Q1
Library Services - Events (total of: Reading, Digital and other)	High	N/A	Compare to same ¼ pervious year	1732	n/a	n/a	n/a	1803
Library Services - Total Visitors (in person)	High	N/A	Compare to same ¼ pervious year	225,958	n/a	n/a	n/a	220,229

Customer Services

Customer Services were instrumental in moving the new Somerset Council to a single telephony number, using one telephony system, an innovative Welcome BOT, a single complaints process and much more for day one. For customers on vesting day, it was seamless, and performance was good with the Welcome BOT directing over 85% of calls and staff triaging the other 15% of calls within 7-12 seconds. Customer satisfaction in Q1 2023/2024 has been positive and we have seen a small increase in the use of our Virtual Agents in our Customer Access Points which have been created in our Local Community Network (LCN) areas and Libraries. Our performance of Out of Hours and the Lifeline Service have also remained good. Customer Services have also won 2 major awards since vesting day - Best Transformation in the Southwest Contact Centre Forum Awards and the second an international Innovation award with Genesys for our work on our Welcome BOT.

In this first quarter there have also been a number of challenges which have put significant pressure on the First Point of Contact with significant increases in call volumes and failure demand resulting from the Household Support Grant, Finance and customers' ability to pay, confusion for customers over the double bank holiday and change of waste collection, ability to pay for parking penalties and cyber issues with calls undertaken by Capita in the Mendip area. The single number enabled the joins for the authority for day one but processes behind the scenes are still complex for the team. We will be working with services as they transition to ensure the customer journey is as streamlined as it could possibly be. We have also seen a significant increase in the number of complaints since Vesting Day. To address this a review is being undertaken to consider the handling process, levels of resourcing, learning from complaints to prevent repeats, and to work with services to reduce them in the first place.

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Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns 2023/2024			
				April	May	June	Q1
Overall volume of calls received within period	N/A	N/A	N/A	56774	61597	66978	185349

Resolved at first point of contact Percentage of calls which have been resolved or signposted (includes the payment wrap-up). Does not include Adults or Childrens queues.	High	65%	Green 65% + Amber 50%+ Red <50%	78%	76%	74%	76%
Customer Satisfaction Represents how satisfied callers are with the service they have received. One question with a 1-5 response, 1 being very poor and 5 being very good. Calculated by total score divided by number of responses. Average overall.	n/a	75%	Green 75% + Amber 60% + Red <60%	82.70 %	83.61 %	83.56 %	83.29 %
Out of Hours Somerset Lifeline - Number of calls received in total within period.	n/a	n/a	n/a	22591	24734	24692	72017
Out of Hours Somerset Lifeline - Number of calls answered within 60 seconds.	TBC	TBC	TBC	96.70 %	95.97 %	96.40 %	96.36 %
Complaints - Number of complaints answered within 10 working day across all services.	High	TBC	TBC	56%	57%	62%	58%
Complaints - Number of Ombudsman enquiries received in period across all services.	Low	N/A	N/A	18	9	5	32

Regulatory Services

Licensing

April was the first month we had reported on licence application determination in this manner across Somerset. Following initial staffing issues, specialist skills are being shared across previous district boundaries to help support where we have gaps, which has resulted in improved KPIs.

High Risk Food Inspections

Backlogs and staffing issues in Somerset East have resulted in fewer inspections being completed, impacting on the Somerset total. The East team have 0.6 full time equivalent (FTE) Environmental Health Officer (EHO) returning to the service and Somerset West have offered mutual support through the use of existing contractors to target the backlog of inspections.

Service Requests

Further investigation is required to ensure consistency across Somerset with regards to the service requests which are being reported. However, initial figures have highlighted delays in responding to complaints in Somerset East which is as a result of reduced capacity and staff shortages along with issues with the property database. The use of agency staff is being explored and recruitment is under way.

It is anticipated in Q2/Q3 2023/2024 the service area will report on the number of fly tipping incidents and the number of fly tipping enforcement actions.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns 2023/2024			
				April	May	June	Q1
Licensing - 90% of valid Licensing applications processed within required timescales from receipt of a valid application. This applies to all licence types and includes statutory timescales where applicable, or timescales set by the service where statutory ones do not exist.	High	90%	TBC	82%	96%	98%	91%
Food Hygiene - Carry out 100% of all programmed high risk food hygiene inspections and interventions each quarter.	High	100%	TBC	71%	120%	69%	87%
Environmental Health Requests - Responding to 95% of all service requests about Environmental Health, Private Sector Housing and Licencing within 7 working days.	High	95%	TBC	84%	88%	84%	85%

Housing Services

Percentage of tenants who are overall satisfied

Tenants are surveyed twice yearly, and the 2nd quartile outturn is 76%, this is below the top quartile of 80.6 % (Pulse data May 2023).

Current Tenant Arrears decreased in performance for the first two months due to payments being stuck in suspense and unable to be debited to rent accounts. This was a SAP365 system cashiers interface issue which has since been resolved. The service is

introducing 'Voicescape' (automated telephone technology) in the coming months to further improve arrears figures. Note: - current performance is top quartile (Pulse May 2023).

Percentage of housing dwellings with a valid gas certificate

At the end of Q1 100% of homes were compliant.

Percentage of communal areas with a Fire Risk Assessment in place.

At the end of Q1 100% of communal areas were compliant.

Homes that do not meet the Decent Homes Standard

This KPI has slipped slightly due to two factors, namely properties falling into 'disrepair' (i.e., past the timeframe for replacement components based upon the Decent Homes Standard), and delays in delivery of capitalised major works. The latter issue is due to procurement pressures, and resource challenges for both internal contract management and contractor availability.

It is anticipated in Q2/Q3 2023/2024 additional indicators will be included for homelessness and housing options.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns 2023/2024			
				April	May	June	Q1
Percentage of tenants are overall satisfied with the housing services provided by Somerset Council (Tenant Satisfaction Measures survey May 23 and Nov/Dec 23)	High	77%	TBC	77% (2022)	77% (2022)	76% (2023)	76% (2023)
Current tenant arrears at the end of month percentage	Low	2.0%	TBC	2.84%	3.07%	2.03%	2.03%

Percentage of housing dwellings with a valid gas safety certificate	High	100%	TBC	TBC	100%	100%	100%
Percentage of communal areas with a Fire Risk Assessment (FRA) in place and FRA Review complete (where applicable)	High	100%	TBC	TBC	100%	100%	100%
Homes that do not meet the Decent Homes Standard	Low	1%	4%	n/a	5.69%	5.86%	5.86%

Climate, Environment and Sustainability

National Indicator (NI) 191 is above target at the end of Q1 2023/2024, albeit by only 6.8kg per household. This appears to be due to spike in residual waste for May 2023, which may be due to the three Bank Holidays occurring that month, including the additional one for the Coronation. Additionally, targets are modelled on previous years and so this additional holiday wasn't accounted for. The increase in residual waste is also much more significant at the recycling sites (up 1,160 tonnes) and may be accounted for by having to deal with Persistent Organic Pollutants (POPs), which may have been dealt with via different routes in 2022/2023.

Although the results for National Indicator (NI) 192 appear to be ahead of target at 58.54%, it should be remembered that recycling rates vary across the year, with Q1 and Q2 usually the two best performing quarters. April and May were pretty much on target, although June didn't reach the level predicted. Again, modelling is based on the levels from the previous year, and so it could be that in reality last June was the exception and the result for June of this year is more normal.

As NI 191 and NI 192 are linked, it should also be noted that the additional residual waste collected has had an effect on the reduction in the recycling rate. This is borne out by seeing an overall increase in the net weight of household recyclables, of just over 1,500 tonnes, however this is unfortunately less than the rise in household residual.

Following the completion of upgrades to the Walpole Anaerobic Digester in the final quarter of 2022/2023, the plant is now back in use, with seeding taking place and all food waste now being routed back through the site.

Visits to recycling sites appear to have increased significantly, comparing Q1 2023/2024 to the same period last year, up from 305,961 to 495,226 (up 61.86%). Although, there has been a large increase, some of this is undoubtedly due to the replacement of the

Automatic Number Plate Recognition (ANPR) system which is used to count visits. The previous system which was still in use in Q1 2022/2023 was older technology and suffered system failures, which didn't always give us accurate, or reliable data. The visits are slightly higher, but very similar to the levels seen pre Covid in Q1 2019/2020.

Note: NI 191 & NI 192 targets are annual outturns.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns 2023/2024			
				April	May	June	Q1
Waste - Residual household waste per household (N191) cumulative outturns	Low	412kg per year	+ / - 5kg over the year	34.09kg	72.85kg	109.88kg	109.88kg cumulative
Waste -Percentage of household waste reused, recycled or composted (NI 192)	High	56.35% per year	+ 4% / - 1% per year	57.43%	59.42%	58.59%	58.54% monthly
Waste - Percentage of food treated at Somerset's anaerobic digester	High	none set	none set	n/a	n/a	n/a	100%
Waste - Total amount of waste received at recycling centres (tonnes)	n/a	none set	none set	n/a	n/a	n/a	27,168.38
Waste - Percentage of waste received at recycling sites that is recycled (including composted, recovered, residual and hardcore)	High	none set	none set	n/a	n/a	n/a	56.10%

Infrastructure and Transport

Outturns for the percentage of planning applications responded to within 21 days are reported two months in arrears due to the consultation period. Outturns have remained fairly consistent since 2019/2020, there was a drop in turnaround times in June 2022, but this was contributed to a number of applications which were submitted at that time. The transition to unitary has not impacted on the turnaround times although there was a slowdown in applications which could be attributed to the planning teams aligning.

There has been an increase in the number of Street Works permits processed and this indicates the demand to work on the highway network.

The service continually reviews the trends in the number of people killed and seriously injured in road collisions either with education, enforcement (in liaison with the Police) or engineering. The outturns for this metric will be available in Q2 2023/2024 due to the Police adopting a new data entry system.

The KPIs for number of Traffic Regulation Orders, number of event applications received, and the number of enquiries into Traffic Engineering are all interim and are under review.

Key Performance Indicators	Target	Tolerance	Outturns 2023/2024			
			April	May	June	Q1
Highways & Transport – Percentage of planning applications responded to within statutory 21-day deadline	TBC	TBC	94.97 %	92.43 %	N/A	N/A
Highways & Transport – No. of parking penalties issued - On Street	TBC	TBC	2506	3112	2097	7715

Highways & Transport – No. of parking penalties issued - Off Street (car parks)	TBC	TBC	1325	1631	1691	4647
Highways & Transport - No. of parking penalties issued - Bus Gate	TBC	TBC	534	508	467	1509
Highways & Transport - No. of people killed and seriously injured in road collisions	TBC	TBC	n/a	n/a	n/a	Available in Q2
Highways & Transport – No. of Street works permits processed	TBC	TBC	3233	3430	36602	43265
Highways & Transport - No. of Traffic Regulation Orders (incl. Town Police Clauses Act (TPCA's) processed	TBC	TBC	223	426	285	934
Highways & Transport - No. of events applications received	TBC	TBC	34	91	38	163
Highways & Transport - No. of enquiries into Traffic Engineering (as logged onto SharePoint)	TBC	TBC	990	923	1148	3061

Economy, Employment, and Planning

The Strategic Planning Committee meet once a month and receive a report on planning service performance quarterly. The latest annual report for 2022/2023 can be found using this [link](#) and it is agenda item 9.

The service is currently undergoing alignment to merge 4 district councils into one, with different systems being used.

However, the Q1 2023/2024 outturns have been provided, as below, for review by Executive in advance of the Strategic Planning Committee being held later in September 2023.

The outturns show that overall, the Council performance was above the targets set by Government for major, minor, and other.

Where the area teams were below the target this is largely due to a failure to obtain extensions of time and reflects the fact that the Council has been able to start issuing decisions on many of the applications held in abeyance due to the need to provide mitigation measures to ensure nutrient neutrality of proposals.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns 2023/2024			
				Q1	Q2	Q3	Q4
Planning (major applications) Decisions total and percentage in time or extended time within reporting period	High	65%	TBC	82%			
Planning (minor applications) Decisions total and percentage in time or extended time within reporting period	High	75%	TBC	82%			
Planning (other applications) Decisions total and percentage in time or extended time within reporting period	High	85%	TBC	89%			

Strategy, Workforce and Localities Key Performance Indicators for Q1 2023/2024
Executive Director Alyn Jones

Partnerships and Localities

A key objective for the new Partnerships & Localities Service Directorate is to help set the frameworks and strategies for how the Council engages and works with its communities and partners, to deliver priorities.

The focus in Q1 has been on bringing together existing expertise and experience from the predecessor authorities to create structures and services that support a whole systems approach to community and partnership engagement and development. In tandem, service objectives are being developed and associated performance measures will follow.

Key to the Council's relationship with its communities is the establishment of the 18 Local Community Networks (LCNs). The inaugural round of LCN meetings commenced on 8 June 2023 and continues to 9 August 2023. Initial feedback and engagement have been positive. Whilst it is early days for the LCNs, the intention is that each one will identify local priorities which will translate into a delivery plan. These plans will need to have SMART measures. The intention is also to create performance measures relating to LCNs as a function and service, for example around participation and engagement levels, positive impact and community and stakeholder satisfaction.

Strategy and Performance

There are currently no key performance indicator outturns for this service area for Q1 2023/2024. However, there are two key indicators for Equalities, as listed below, whereby the outturns will be provided on a six-monthly basis (Q2 and Q4).

Equalities: Percentage of (permanent) staff completing mandatory equalities modules on the learning management system

Equalities: compliance with the action plan that supports the equalities objectives

Governance, Democratic and Legal

The outturn for Q1 2023/2024 is not quite where we want to be but, pleasingly, not far off. We aim to acknowledge 95%+ of requests within 2 working days and respond fully to 95%+ requests within 20 working days. Q1 2023/2024 shows 90% and 92% respectively. The number of requests being received is in line with our pre-vesting estimations and the system and process is working well. The challenges which have led to being 3% off target on responses for the quarter largely lie with the complexity of the requests - information requested is generally 'old' information (e.g., amount spent on X in last 3 years) and, for a number of requests, needs to be pulled together from 4 or 5 legacy systems. This will likely remain an issue for some time.

**Data outturns are quarterly only.*

Key Performance Indicators	What is good performance high or low	Target	Tolerance	*Outturns 2023/2024	
				Q1	
				Number	%
Freedom of Information (FOI)/Environmental Information Regulations (EIR): The number of requests received in period	n/a	n/a	n/a	437	-
FOI/EIR: % of requests received that were acknowledged within 2 days (when acknowledgement required)	high	2 days	Green 95%+ Amber 80-94% Red <80%	-	90%
FOI/EIR: The number of FOI requests completed in period	n/a	n/a	n/a	346	-
FOI/EIR: The number & % of completed requests where all information was sent	high	n/a	n/a	226	66%

FOI/EIR: The number & % of completed requests where response was a full refusal	n/a	n/a	n/a	29	8%
FOI/EIR: The number & % of completed requests where response was a partial refusal	n/a	n/a	n/a	21	6%
FOI/EIR: The number & % of requests which did not result in disclosure for other reasons (e.g. info not held, invalid or lapsed request)	n/a	n/a	n/a	70	20%
FOI/EIR: Percentage of requests completed within 20 working days	high	20 working days	Green 95%+ Amber 80-94% Red <80%	-	92%
FOI/EIR: The number of internal reviews requested in period	n/a	n/a	n/a	4	-
FOI/EIR: The number of requests outstanding at the end of the period	n/a	n/a	n/a	91	-

Workforce

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns 2023/2024			
				April	May	June	Q1
Staff sickness – Working Days lost per Full Time Equivalent (FTE)	Low	2.2 days per	TBC	n/a	n/a	n/a	1.81

		quarter or 8.8 days per annum					
Staff turnover [not currently available at a corporate level]	Low						

Resources and Corporate Services Key Performance Indicators for Q1 2023/2024
Executive Director Jason Vaughan

Finance and Procurement

The Budget monitoring report is being published at the same time as this report.

As the service evolves and, if any, key indicators are identified these will be included within the quarterly corporate performance management report.

Strategic Asset Management

Validation of installed solar photovoltaic (PV) panels across the Somerset Council estate is required before an overall outturn is provided as part of this report.

Significant work was undertaken ahead of vesting day to ensure all district and county energy supply contracts were novated to a central energy contract, but metering was not possible to standardise at the same time. The service is in the process of arranging smart metering to supply live data for locations which use significant energy.

In relation to the building compliance performance outturns, former Somerset County Council and South Somerset District Council are in the process of migrating to a new database system. This is affecting the overall average outturn but should be addressed for Q2/Q3 2023/2024. For former SW&T one of the main areas which is pulling the overall figures down is the 6 monthly full evacuation drills and 4 of those sites (being pavilions/changing rooms) there may not be a legal requirement. We are also setting the stricter target at every 6 months rather than annually. Former Sedgemoor and Mendips teams did not previously have a formal reporting process so those teams are currently working to collate the data to be consistent with the other areas.

As the service evolves, any key indicators that are identified will be included within the quarterly corporate performance management report.

Key Performance Indicators	What is good performance high or low	Target	Tolerance	Outturns 2023/2024			
				April	May	June	Q1
An average for all building compliance across Somerset Council	TBC	100%	TBC	N/A	N/A	N/A	76%

Information and Communication Technology (ICT)

There are no key performance indicators for this service area, at this stage, for Q1 2023/2024. However, there are many operational service level indicators the team are reviewing and aligning. As the service evolves, any key indicators that are identified will be included within the quarterly corporate performance management report.

Executive Forward Plan

For the period August to November 2023



1. **Leader's appointment to the Executive – Lead Member for Environment and Climate Change** **New!**

Decision maker: Leader of the Council and Lead Member for Governance & Communications

Decision due: 25 Aug 2023; N/A

Decision status: Recommendations Approved (subject to call-in)

Notice of proposed decision first published: 29/08/2023

2. **Authorisation to award the contract for essential refurbishment works at the Frome Enterprise Centre**

Decision maker: Lead Member for Transformation and Human Resources

Decision due: August 2023; FP/23/02/16

Notice of proposed decision first published: 31/03/2023

3. **Bespoke Homes - Award of Contract**

Decision maker: Lead Member for Communities, Housing and Culture

Decision due: August 2023; FP/23/03/09

Notice of proposed decision first published: 31/03/2023

4. **Award of contracts for Live Labs 2 Programme for Decarbonising Local Highway Maintenance**

Decision maker: Lead Member for Transport and Digital

Decision due: August 2023; FP/23/06/10

Notice of proposed decision first published: 27/06/2023

5. **Delivering Better Value for Special Educational Needs and Disabilities in Somerset**

Decision maker: Executive Director of Resources and Corporate Services (Section 151 Officer), Lead Member for Children, Families and Education

Decision due: 1 Sep 2023; FP/23/07/08

Notice of proposed decision first published: 17/07/2023

6. **Creation of new sponsored academy in Somerset (Heathfield Community School)**

Decision maker: Lead Member for Children, Families and Education, Service Director of Strategic Asset Management

Decision due: September 2023; FP/23/05/09

Notice of proposed decision first published: 24/05/2023

7. **Strategic relationship with the Voluntary, Community, Faith and Social Enterprise Sector in Somerset** **New!**

Decision maker: Lead Member for Transformation and Human Resources

Decision due: Not before 4th Sep 2023; FP/23/08/01

Notice of proposed decision first published: 04/08/2023

8. **Key decision to award contract for the Somerset Integrated Sexual Health Service**

Decision maker: Executive Director of Public and Population Health

Decision due: September 2023; FP/23/04/02

Notice of proposed decision first published: 24/04/2023

9. **Somerset Authorities 2022/23 Budget Outturn**

Decision maker: Executive

Decision due: 6 Sep 2023; FP/23/05/07

Notice of proposed decision first published: 16/05/2023

10. **Annual Approval as Sole Shareholder of Homes in Sedgemoor 2023/24**

Decision maker: Executive

Decision due: 6 Sep 2023; FP/23/07/06

Notice of proposed decision first published: 11/07/2023

11. **Revenue Budget Monitoring Report Qtr1 (Month 3)**

Decision maker: Executive

Decision due: 6 Sep 2023; FP/23/04/07

Notice of proposed decision first published: 16/05/2023

12. **Quarter 1 - Performance report**
Decision maker: Executive
Decision due: 6 Sep 2023; FP/23/07/13
Notice of proposed decision first published: 25/07/2023
13. **Award of Contract to supply Winter Gritter vehicles** **New!**
Decision maker: Service Director of Infrastructure and Transport
Decision due: 8 Sep 2023; FP/23/08/05
Notice of proposed decision first published: 08/08/2023
14. **Refurbishment of vacant site at Corams Lane for Therapeutic Education Provision**
Decision maker: Lead Member for Economic Development, Planning and Assets, Lead Member for Children, Families and Education
Decision due: September 2023; FP/23/02/07
Notice of proposed decision first published: 27/06/2023
15. **Contract Award: Decarbonisation Project at Wellington Sports Centre**
Decision maker: Lead Member for Environment and Climate Change, Lead Member for Economic Development, Planning and Assets
Decision due: 13 Sep 2023; FP/23/03/06
Notice of proposed decision first published: 31/03/2023
16. **Contract Award: Decarbonisation Project at the Alcombe Childrens Centre, Minehead** **New!**
Decision maker: Lead Member for Environment and Climate Change, Lead Member for Economic Development, Planning and Assets
Decision due: 13 Sep 2023; FP/23/08/02
Notice of proposed decision first published: 04/08/2023
17. **Decision to award a contract for the supply of a Library Management System**
Decision maker: Executive Director of Community Services
Decision due: September 2023; FP/23/07/02
Notice of proposed decision first published: 11/07/2023

- 18. [Contract award for the Taunton Park & Ride service](#)**
Decision maker: Service Director of Infrastructure and Transport
Decision due: 2 Oct 2023; FP/23/07/14
Notice of proposed decision first published: 01/08/2023
- 19. [Treasury Management Outturn Report](#)**
Decision maker: Executive
Decision due: 4 Oct 2023; FP/23/04/04
Notice of proposed decision first published: 24/04/2023
- 20. [Gravity Enterprise Zone](#)**
Decision maker: Executive
Decision due: 4 Oct 2023; FP/22/10/03
Notice of proposed decision first published: 31/03/2023
- 21. [The Award of the Highways Term Maintenance Contract](#)**
Decision maker: Executive
Decision due: 4 Oct 2023; FP/23/04/09
Notice of proposed decision first published: 24/04/2023
- 22. [Contract Award - Appointment of Providers to deliver housing related support and accommodation for 16-25 year olds](#)**
Decision maker: Executive
Decision due: 4 Oct 2023; FP/23/05/10
Notice of proposed decision first published: 01/06/2023
- 23. [Key decision for Dunball Roundabout - Signing Construction Contracts](#)**
Decision maker: Executive
Decision due: 4 Oct 2023; FP/23/07/04
Notice of proposed decision first published: 11/07/2023
- 24. [Local Development Scheme](#)**
Decision maker: Executive
Decision due: 4 Oct 2023; FP/23/07/01

Notice of proposed decision first published: 11/07/2023

25. Statement of Community Involvement

Decision maker: Executive

Decision due: 4 Oct 2023; FP/23/07/10

Notice of proposed decision first published: 17/07/2023

26. To consider and note Local Community Network meeting minutes **New!**

Decision maker: Executive

Decision due: 4 Oct 2023; FP/23/08/06

Notice of proposed decision first published: 08/08/2023

27. Cornwall and the Council of the Isles of Scilly Adoption Service to integrate with Adopt South West Regional Adoption Agency **New!**

Decision maker: Executive

Decision due: 4 Oct 2023; FP/23/08/09

28. Endorse Progress of the Somerset Council Business Plan **New!**

Decision maker: Executive

Decision due: 4 Oct 2023; FP/23/08/10

29. Contracts for Kitchen replacement programme 2023-27 **New!**

Decision maker: Executive

Decision due: 4 Oct 2023; FP/23/08/14

30. Creation of new Academies in Somerset - Norton-Sub-Hamdon Church of England Primary School, West Chinnock Church of England Primary School, Stoke St Gregory Church of England Primary School, Castle Cary Community Primary School **New!**

Decision maker: Executive Director of Resources and Corporate Services (Section 151 Officer), Lead Member for Children, Families and Education

Decision due: 10 Oct 2023; FP/23/08/03

Notice of proposed decision first published: 04/08/2023

31. Equality Framework for Local Government - Peer Challenge Report and response

Decision maker: Executive

Decision due: 8 Nov 2023; FP/23/03/04

Notice of proposed decision first published: 31/03/2023

32. Somerset Cultural Strategy

Decision maker: Executive

Decision due: 8 Nov 2023; FP/22/11/09

Notice of proposed decision first published: 31/03/2023

33. Award contracts for the delivery of care and support at home services in Somerset

Decision maker: Executive

Decision due: 8 Nov 2023; FP/23/04/12

Notice of proposed decision first published: 25/04/2023

34. Award of contracts for highway surfacing, surface treatments, new highway assets, and maintenance of highway lighting and other electrical assets

Decision maker: Executive

Decision due: 8 Nov 2023; FP/23/07/12

Notice of proposed decision first published: 25/07/2023

35. Revenue Budget Monitoring Report Qtr 2 (Month 6)

Decision maker: Executive

Decision due: 8 Nov 2023; FP/23/05/04

Notice of proposed decision first published: 16/05/2023

36. Treasury Management 6 month Report

Decision maker: Executive

Decision due: 8 Nov 2023; FP/23/04/05

Notice of proposed decision first published: 24/04/2023

37. To consider and note Local Community Network meeting minutes **New!**

Decision maker: Executive

Decision due: 8 Nov 2023; FP/23/08/07

Notice of proposed decision first published: 08/08/2023

38. **Neighbourhood Plan** **New!**
Decision maker: Executive
Decision due: 8 Nov 2023; FP/23/08/11
39. **Licensing Committee Report - Taxi Fairs** **New!**
Decision maker: Executive
Decision due: 8 Nov 2023; FP/23/08/12
40. **Creation of new Academies in Somerset: Abbas and Templecombe Church of England Primary School, St Aldhelm's Church of England Primary School, Ashlands Church of England Primary School, St Bartholomew's Church of England Primary School, Merriott Commu** **New!**
Decision maker: Lead Member for Children, Families and Education, Executive Director of Resources and Corporate Services (Section 151 Officer)
Decision due: 21 Nov 2023; FP/23/08/04
Notice of proposed decision first published: 04/08/2023
41. **Somerset's Flagship Arts Venue (Octagon Redevelopment)**
Decision maker: Executive
Decision due: 6 Dec 2023; FP/23/06/06
Notice of proposed decision first published: 16/06/2023
42. **Business Process System update**
Decision maker: Executive
Decision due: 6 Dec 2023; FP/23/02/13
Notice of proposed decision first published: 31/03/2023
43. **To consider and note Local Community Network meeting minutes** **New!**
Decision maker: Executive
Decision due: 6 Dec 2023; FP/23/08/08
Notice of proposed decision first published: 08/08/2023
44. **Healthwatch Somerset**
Decision maker: Executive Director of Adult Services
Decision due: 13 Dec 2023; FP/23/07/09

Notice of proposed decision first published: 17/07/2023

45. Sign off of Equality Objectives and Action Plan from EFLG Peer Challenge **New!**

Decision maker: Executive

Decision due: 3 Jan 2024; FP/23/08/13

46. Revenue Budget Monitoring Report Qtr 3 (Month 9)

Decision maker: Executive

Decision due: 7 Feb 2024; FP/23/05/05

Notice of proposed decision first published: 16/05/2023

47. Treasury Management Strategy 2024/25

Decision maker: Executive

Decision due: 7 Feb 2024; FP/23/04/06

Notice of proposed decision first published: 24/04/2023

48. Allocation of the 2024/25 Dedicated Schools Grant High Needs Block

Decision maker: Executive Director of Children, Families and Education

Decision due: March 2024; FP/23/05/01

Notice of proposed decision first published: 16/05/2023

49. Equality Objectives 2024 - 2028

Decision maker: Executive

Decision due: April 2024; FP/23/03/05

Notice of proposed decision first published: 31/03/2023

50. Revenue Budget Monitoring Report Qtr 4 (Month 12)

Decision maker: Executive

Decision due: 8 May 2024; FP/23/05/06

Notice of proposed decision first published: 16/05/2023

51. Annual Approval as Sole Shareholder of Homes in Sedgemoor 2024/25

Decision maker: Executive

Decision due: August 2024; FP/23/07/07

Notice of proposed decision first published: 11/07/2023

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