



Notice of Meeting of

SCRUTINY COMMITTEE - CORPORATE AND RESOURCES

Thursday, 7 September 2023 at 10.00 am

Sedgemoor Room, Bridgwater House, King Square, Bridgwater, TA6 3AR

To: The members of the Scrutiny Committee - Corporate and Resources

Chair: Councillor Bob Filmer
Vice-chair: Councillor Richard Wilkins

Councillor Shane Collins	Councillor Nick Cottle
Councillor Philip Ham	Councillor Tony Lock
Councillor Martin Lovell	Councillor Emily Pearlstone
Councillor Diogo Rodrigues	Councillor Peter Seib
Councillor Brian Smedley	Councillor Andy Soughton
Councillor Lucy Trimnell	

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 Friday, 1 September 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 Wednesday, 30 August 2023

AGENDA

**Scrutiny Committee - Corporate and Resources - 10.00 am Thursday, 7
September 2023**

Public Guidance Notes contained in Agenda Annexe (Pages 5 - 6)

Click here to join the online meeting (Pages 7 - 8)

1 Apologies for Absence

To receive any apologies for absence.

2 Minutes from the Previous Meeting (Pages 9 - 14)

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 Draft Assets Disposal Policy (Pages 15 - 34)

To receive a presentation and to note the accompanying draft policy on the Corporate Assets Disposals Policy.

6 Property Rationalisation

To receive information on the Property Rationalisation Programme

7 Council Business Plan (Pages 35 - 50)

To receive an update on the emerging Council Business Plan.

8 Budget Update

To receive a Budget update from Jason Vaughan (presentation to follow)

9 Consolidated 2022/2023 Outturn (Pages 51 - 228)

To consider a report going to the Executive detailing the consolidated 2022/2023 Outturn position.

10 Kitchen Installation Contracts (Pages 229 - 240)

To receive a report on the contracts process for the Kitchen Replacement Programme 2023 - 27.

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.

Teams Meeting – Scrutiny Corporate and Resources

Microsoft Teams meeting

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Minutes of a Meeting of the Scrutiny Committee - Corporate and Resources held in the Luttrell Room - County Hall, Taunton TA1 4DY, on Tuesday, 8 August 2023 at 10.00 am

Present:

Cllr Bob Filmer (Chair)

Cllr Richard Wilkins (Vice-Chair)

Cllr Philip Ham

Cllr Martin Lovell

Cllr Diogo Rodrigues

Cllr Andy Soughton

Cllr Dawn Johnson (substitute for Cllr Peter Seib)

Cllr Tony Lock

Cllr Emily Pearlstone

Cllr Brian Smedley

Cllr Lucy Trimnell

Cllr Mike Stanton (substitute for Cllr Nick Cottle)

In attendance:

Cllr Theo Butt Philip

Cllr Val Keitch

Cllr Ros Wyke

Cllr Mandy Chilcott

Cllr Liz Leyshon

Other Members present remotely:

Cllr Alan Bradford

Cllr John Cook-Woodman

Cllr Christine Lawrence

Cllr Frances Nicholson

Cllr Leigh Redman

Cllr Martin Wale

Cllr Norman Cavill

Cllr Mark Healey

Cllr Tessa Munt

Cllr Sue Osborne

Cllr Bill Revans

15 Apologies for Absence - Agenda Item 1

Apologies were received from Councillors Peter Seib (substituted by Cllr Dawn Johnson), Faye Purbrick, Nick Cottle (substituted by Cllr Mike Stanton).

16 Minutes from the Previous Meeting - Agenda Item 2

Resolved that the minutes of the Scrutiny Committee - Corporate and Resources held on 6 July 2023 be confirmed as a correct record subject to noting Councillor Trimnell's apologies and attending the meeting virtually.

17 Declarations of Interest - Agenda Item 3

The following Councillors declared an Other Registerable Interest as they were the Chair of a Local Community Network:

Councillor Richard Wilkins - LCN Levels & Moors

Councillor Dawn Johnson - LCN Taunton

Councillor Philip Ham - LCN Shepton

Councillor Diogo Rodrigues - LCN Bridgwater

18 Public Question Time - Agenda Item 4

There were no questions from the Public.

19 Work Programme - Agenda Item 5

The committee had been provided with the work programme and noted the items proposed, there were no additional items from committee members.

Resolved:

To note the items shown on the work programme and agreed the following Councillors would sit on the proposed Task & Finish Groups:

Bob Filmer, Peter Seib, Brian Smedley, Nick Cottle, Philip Ham, Lucy Trimnell, Martin Lovell and Dawn Johnson.

Members noted that there would be monthly budget monitoring reports.

20 Commercial Investment - Agenda Item 6

Robert Orrett with the assistance of Harvey Gardner and Brendan Fisher from the Commercial Property and Investment Team gave a presentation on Commercial Investments and gave a summary of the assets held, areas of risk and asset management delivery. For Somerset Council, the commercial assets comprise land with buildings or infrastructure intended to deliver income and the assets held by the previous Districts transferred to Somerset Council will now be assessed with a further report to follow.

Members were provided with an overview of capital investment and also highlighted the main asset risk areas which included tenant failure, Lease end voids, rental value changes, Capital value changes, Building depreciation and asset management delivery. The presentation also gave a short update on the Battery Energy Storage systems.

Members requested information on a number of areas including:

Net income not used as it was explained a budget cycle was needed and currently having to manually calculate, this will change in due course when data becomes available.

Assets being currently assessed and a further report will come forward; more work will be undertaken by the Task and Finish group to be set up.

Each district invested in a variety of ways and used different types of borrowing, most were short term loans although recently things had changed due to the inflation rates. It was also noted that Public Works Board had changed their rules about LAs investing out of area, however Somerset Council had come to an agreement due to the circumstances.

Members were also informed that the Executive had set up a sub-group to look at investments and assets as this was an important part of the Council's finances and work being undertaken, they would also look at ethical investments as part of this work.

The committee were informed that the investments would require further work and investigation, that they were a long term investment and that they would be monitored through Treasury Management and all the areas would be looked at in detail within the Task and Finish Groups with the information reported back to this committee shortly. It was requested that consideration be given to bench marking with other Local Authorities.

It was requested that a written reply be provided by Robert Orrett on Voids in response to a question raised by Councillor Healey.

Resolved:

The committee received a presentation on Commercial Investment and noted the information received. It was noted that a Task and Finish Group will be set up to consider the details of the commercial investments and review of these investments.

Jason Vaughan had provided the committee with the Quarter 1 reports which were the first budget reports as the new authority. He highlighted the following areas:
Page 44 - 3.3 projected outturn position is £522m against a budget of £493.4m, the net adverse variance being £28.6m and details listed

Page 47 – general themes that are adversely impacting upon the Council’s finances include High inflation, Interest rates, rising complexity and costs of care and the labour market.

Page 49 – summary of the budget shown for 2023/24 and also summarised controls for service directors who are responsible for their budgets and so actions sit with them to reduce spend and find savings opportunities.

Page 50 – Recommendations to the Executive proposed actions

Page 53 – Outturn 2022/2023 showing that the overall overspend is likely to be £20m which would need to be funded from reserves and thus reducing the Council’s ability to manage issues in this financial year and flexibility in budget planning and sustainability – this will be reviewed over the summer to ensure sufficient reserves to meet risks.

Page 105 to Page 120 – details the Housing Revenue Account with the approved budget for 2023/24 being detailed on Page 120.

In response to questions and comments from the committee, it was explained that short term actions were a priority and that officers were also working on the following year’s budget as all actions interlinked. Service Directors were being briefed and any capital bids, costs and savings have been requested by mid-September for the Executive to set the budget. There was also a need to establish the grants being paid for various services from central government.

It was confirmed that the 17 key areas will be updated and any savings from services would be included, the proposals will be brought back to Scrutiny once completed and so may be earlier than February 2024. It was reiterated that monthly updates will be provided to the committee to ensure that targets and the management of impacts were tracked, this will also enable the committee to help and progress the work. It was suggested that all Councillors and not just this committee be provided with the information sheets so all are aware of the financial situation.

In response to questions regarding the waste services, Infrastructure and Transport grants, the delay to the new school opening and cost implications would all be responded to in writing.

Councillor Leyshon confirmed that the details would be worked on over the next months, a MTFP board set up and they would also report back via the Executive. It was noted that there was currently a hiatus of LGR savings and were waiting for the Transformation project to start properly and so no predications could be made at present.

Resolved:

The committee received the Quarter 1 Budget monitoring reports and noted the issues raised and forecast year-end position of services currently against the budget proposed. The committee were notified that they would receive monthly budget monitoring reports in the future so that targets/actions can be scrutinised.

22 Local Communities Network Update - Agenda Item 8

The committee received an update on the Local Community Networks that were just about to complete the first round of meetings.

Sara Skirton and Cllr Val Keitch attended the meeting and explained that the progression of the LCNs was going well, themes were being agreed and work being generated for the following meetings. Councillor Keitch confirmed that the meetings had been well attended and engagement with the Towns and Parishes was immense. It was also confirmed that staffing was an issue with staff still to be appointed to the team, however job descriptions were now available and recruitment process was underway subject to budget agreement, it is hoped that staff from Communities would be repurposed.

The committee supported the LCNs and what has been achieved so far, however they did warn of ensuring that staffing be sorted quickly to enable support be given to the LCNs and so maintain enthusiasm.

Resolved:

To note the update received on the first round of Local Community Network meetings including initial lessons learnt and emerging themes of importance to the communities. The committee supported the LCNs but hoped that staffing and budgets for the LCNs be agreed as a priority to enable enthusiasm to continue for these groups.

(The meeting ended at 12.48 pm)

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CHAIR

Corporate Assets Disposals Policy

Corporate & Resources Scrutiny Committee

7th September 2023

Oliver Woodhams – Service Director, Strategic Asset Management
Sally Stark, Assets Manager



Somerset
Council

Corporate Assets Disposals Policy

Background

The new policy to replace the previous policies from the former 5 Somerset Councils

This policy does not cover:-

- Commercial Investment Properties
- Housing Revenue Account Assets
- Academy Conversions (leases to Academy Trusts and statutory transfers)

Community Asset Transfers and the Council's agricultural estate fall under the terms of the disposal policy but will also be subject to separate supplemental policies

Legislation

- **Section 123 of the Local Government Act 1972**, which allows the Council to dispose of land, and requires that the best consideration that can reasonably be obtained from this must be achieved.
- **Local Government Act 1972 General Disposal Consent (England) 2003 Circular 06/03**, which allows the Council to dispose of land and property at an undervalue where doing so helps to secure economic, social, or environmental wellbeing of its area, provided that the undervalue does not exceed £2m (above that figure the consent of the Secretary of State must be obtained).
- **Section 77 of the School Standards and Framework Act 1998** and **Schedule 1 of the Academies Act 2010** govern the disposal of current and former school land and playing fields.

Asset Management Strategy and Plan

The strategy has six objectives which will guide policy making and decisions on how the Council's property and land portfolio will be used.

1. The Council's estate is financially sustainable, efficient, and effective
2. Assets that are fit for purpose, safe & compliant
3. Assets that address the Climate Emergency.
4. The Council's estate is used to meet housing and care needs, with an emphasis on social housing.
5. The Council's estate supports prosperity and economic growth
6. Address the growing challenges in the Council's school buildings estate

Key Principles for Disposals Policy

- The Authority does not hold surplus property for which there is no current or ‘likely potential’ projected future need. Such properties should be disposed to generate capital receipts, to support other policy priorities (for example, the provision of housing) and to reduce liabilities and risks.
- Land and Property is usually disposed of on the open market unless there are exceptional reasons not to do so. These reasons may include the existence of a special purchaser such as a neighbour or current tenant or a strategic partnership opportunity.

Valuations

The Council has a duty to dispose of land and property for best consideration, with sales at undervalue where appropriate to support strategic objectives. The Council is able to dispose of land and property at an undervalue where doing so helps to secure economic, social, or environmental wellbeing of its area.

In most cases, this is demonstrated through exposure to the open market. In certain circumstances, where an off-market disposal is considered appropriate, valuations are undertaken in order to provide a 'best consideration' benchmark and quantify any under-value.

In-house valuers will be used, unless specific knowledge and experience may be required. Staff who are members of the Royal Institution of Chartered Surveyors (RICS) are bound by a Code of Conduct and must adhere to professional and ethical standards.

Transparency

The Local Authority publishes information on land and building assets in accordance with the mandatory requirements of the Local Government Transparency Code 2015.

Where an asset is under consideration to be declared surplus, officers will engage with all Council departments to assess any present or future need. Then if the asset is recommended to be declared surplus, Local Members will have visibility at an early stage and AMG will consider any local sensitivities along with any proposed route for disposal.

If the value of the asset is over £500k, the proposed disposal will be a Key Decision and published on the Council Forward Plan. The Corporate & Resources Scrutiny Committee has the power to 'call in' decisions for review and recommend that the council reconsiders it.

Disposals of sites with a value between £50k and £500k, will be subject to a Non Key Decision paper which requires engagement with Local and relevant Lead Members and consultation as part of the decision making process. The opposition spokesperson and Chair of the Scrutiny Committee – Corporate and Resources will be informed.

Local Members are bound by their Code of Conduct and to keep commercial sensitive information confidential. If applicable/appropriate, there would be consultation with the Town or Parish Councils.

Small Sites

If there are any small sites, deemed to be surplus the following will be considered.

- Potential ransom value
- Strategic value
- Political sensitivity
- Community impact/value

Small sites that are considered to be surplus will also be listed for consideration at the bi-monthly AMG meetings. Very small disposals e.g., small strips sold to neighbours may be circulated to AMG Members for review between meetings. Small sites under £50k will be disposed under Officer delegation, unless Lead Member, AMG or Local Member consultation is considered appropriate in light of any of the four considerations above.

Officers will consider what the decision means to the community and the impact / value it has on them.

Questions and comments

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**Somerset
Council**

Draft

Assets Disposals Policy

Organisation	Somerset Council
Title	Assets Disposals Policy
Author	Oliver Woodhams, Service Director Strategic Asset Management
Owner	Strategic Asset Management
Protective Marking	Unclassified
Primary Legislation	Local Government Act 1972 Local Government Act 1972 General Disposal Consent (England) 2003 Circular 06/03

Policy for the Disposal of Assets

Policy Statement

This policy establishes the basis upon which the Council disposes of its property assets. It replaces the previous policies on asset disposal held by the former five Somerset Councils.

For the purpose of this policy, a disposal of land means any freehold disposal, by sale or exchange or the grant of an option, of Council-owned land or buildings and any disposal by the granting of a lease or assigning a lease.

This policy does not cover: -

- Commercial Investment Properties
- Housing Revenue Account Assets
- Academy Conversions (leases to Academy Trusts and statutory transfers)

Community Asset Transfers and the Council's agricultural estate fall under the terms of new disposal but will also be subject to separate supplemental policies.

Regulation of Disposal Transactions

All Land and Property transactions undertaken by the Council must be conducted in compliance with relevant legislation, which includes but is not limited to.

- **Section 123 of the Local Government Act 1972**, which allows the Council to dispose of land, and requires that the best consideration that can reasonably be obtained from this must be achieved.
- **Local Government Act 1972 General Disposal Consent (England) 2003 Circular 06/03**, which allows the Council to dispose of land and property at

an undervalue where doing so helps to secure economic, social, or environmental wellbeing of its area, provided that the undervalue does not exceed £2m (above that figure the consent of the Secretary of State must be obtained).

- **Section 77 of the School Standards and Framework Act 1998** and **Schedule 1 of the Academies Act 2010** govern the disposal of current and former school land and playing fields.

Somerset Council - Asset Management Strategy and Plan

The Asset Management Strategy and Plan was developed as part of the Local Government Reorganisation programme in Somerset. This was led by senior officers from the property departments in all five former Somerset Councils who developed the strategy in conjunction with Lead Members from the Somerset Council Executive.

The strategy and plan were approved by the Full Council on the 22nd of February 2023. The document sets out the Council's strategic objectives for property asset management, the approach the Council will take to managing its property assets, and a series of high-level commitments to guide property asset management decisions and policy making.

The implementation of the Asset Management Strategy will be driven and overseen by the Asset Management Group (AMG). The AMG will comprise of senior officers, including representatives of the finance and property asset management functions and representation from Executive Lead Members.

The strategy has six objectives, which will guide policy making and decisions on how the Council's property and land portfolio will be used. These objectives will shape the core principles of the Asset Management Group.

1. The Council's estate is financially sustainable, efficient, and effective
2. Assets that are fit for purpose, safe & compliant
3. Assets that address the Climate Emergency.
4. The Council's estate is used meet housing and care needs, with an emphasis on social housing.
5. The Council's estate supports prosperity and economic growth
6. Address the growing challenges in the Council's school buildings estate

The strategic property aim is to ensure land and building assets are efficiently managed, maintained, redeveloped, acquired, and disposed of in a consistent, strategic manner that supports corporate objectives and service delivery.

Reasons for the Council holding property

Delivery of public services and the ownership of property assets are intrinsically linked:

The reasons for the Council holding property are: -

- a) For the purpose of direct service delivery (such as education, leisure centres and household waste recycling centres)
- b) To support service delivery (for example administrative offices and highway depots)
- c) To support the Council's wider policy objectives. This part of the portfolio is varied and some examples include: assets made available for social or sporting purposes, sites held for environmental or ecological purposes and assets retained for a range of strategic reasons such as a potential to contribute to future regeneration schemes, workspaces for local employment provision or other potential purposes e.g., school sites. In addition, the portfolio provides some ancillary revenue income which in turn helps to support the Council in delivering important services to its residents.

Key Principles for Property Disposals

The Council undertakes land and property disposals in line with several key principles, namely:

- it does not hold surplus property for which there is no current or 'likely potential' projected future need. Such properties should be disposed to generate capital receipts, to support other policy priorities (for example, the provision of housing) and to reduce liabilities and risks.
- Land and Property is usually disposed of on the open market unless there are exceptional reasons not to do so. These reasons may include the existence of a special purchaser such as a neighbour or current tenant or a strategic partnership opportunity.

Land and Property is disposed for the best consideration that can be reasonably obtained, unless disposing of the property at an undervalue helps to secure economic, social, or environmental well-being. Meeting the duty to achieve best consideration is demonstrated through competitive bidding arising from exposure to the market, and sale or letting agents will normally be appointed for this purpose, or measured by valuations by professional valuers if the property is not so marketed.

Disposals are also conducted in compliance with the Somerset Council Constitution, Financial Regulations, and Scheme of Delegation.

Surplus Property

There are many reasons why land and property may be considered surplus, such as through regular asset review, through changing service needs or changes in lease arrangements leading to vacant buildings. When a property is identified as potentially suitable for disposal, the Strategic Asset Management department undertakes consultation with appropriate internal services to evaluate whether there is a current or projected future need for the property. The Assets of Community Value register is also checked, as there are restrictions added to the disposal in this case as detailed in the Assets of Community Value Regulations (2012).

If no internal need is identified, the property will be listed for discussion at Asset Management Group and Local Member soundings taken to identify any local issues. If appropriate, the asset will be declared surplus to requirement. Consideration of an asset as surplus may also be triggered by an approach from a third party which may stimulate a review.

The professional Strategic Asset Management team will progress the disposal, in consultation with relevant officers and members, through the most appropriate means.

This is largely on a case-by-case basis. If there is a change in circumstances or requirements in the future and it is judged that the disposal of the property is no longer justified, Asset Management Group will discuss this and the property returned to operational use where appropriate.

Where, in the opinion of the Strategic Asset Management department, land has the potential for redevelopment which may enhance its disposal value, an appropriate planning consent or pre-application advice may be sought before disposal. Prior to any application being submitted, input may be sought from Strategic Asset Management's planning experts, from external professionals, or from the Council's planning team.

Disposal Terms and Conditions

The terms of any disposal will be negotiated on a case-by-case basis. The presumption is that the terms will be fundamentally commercial in nature with the aim of maximising the financial return to the Council: either directly via capital receipt, through rental income or through a reduction in financial liabilities. Restrictive covenants, uplifts, and clawback clauses will be applied as appropriate to any sales, with the exact form of these agreements to be decided on a case-by-case basis.

Member engagement

The Lead Member for Economic Development, Planning & Assets: will be kept apprised of progress on the disposals programme by way of regular briefings.

Local Members will be advised of land and properties in their division that have been declared surplus following the relevant meeting of Asset Management Group.

If the capital receipt of a disposal is anticipated to be over £500k, a Key Decision will be added to the Forward Plan and the decision report will be published on the Somerset Council website. Members representing the division in which the asset is situated will be consulted.

If the capital receipt of a disposal is anticipated to be less than £500k, the governance is by way of a Non Key Decision paper and the decision can be made by Officers, in accordance with the Local Authority Scheme of Delegation. This is subject to appropriate engagement with relevant Local and Lead Members. This includes any disposals taken to auction where the reserve price has been set to be less than £500k.

Wayleaves and Leases

The Council regularly receives requests for wayleaves to enable the placing of pipes and cables across Council-owned land, as well as for other reasons. Due to the frequency of these requests and the small value and effect of these agreements, officers do not normally consult members on their undertaking. If it is judged that there are elements of the agreement that require member engagement, this is undertaken. For similar reasons, less significant leases and lease renewals are also undertaken without general member engagement, although the Lead Member for Economic Development, Planning & Assets may be kept apprised of these transactions, where appropriate.

Minor leases and wayleaves may be treated as business as usual under delegated authority and are not covered under this policy.

Valuations

The Council has a duty to dispose of land and property for best consideration. In most cases, this is demonstrated through exposure to the open market. In exceptional circumstances, where this is not the case, valuations are undertaken in order to show that best consideration has been obtained.

The Strategic Asset Management department has a team of registered valuers who are members of the Royal Institution of Chartered Surveyors. In most cases, valuation of property will be undertaken in-house by this team. Staff who are members of the Royal Institution of Chartered Surveyors (RICS) are bound by a Code of Conduct and must adhere to professional and ethical standards.

In exceptional cases the land or property asset may be valued by an external valuer to provide additional reassurance where an asset is specialist or has a range of alternative values, or where in house resource is unavailable.

Minor disposals of small parcels of land, such as to the adjacent neighbour, may be exempt from this policy. However they will have previously been listed as “surplus” to ascertain if any issues may arise.

If the proposed disposal of an asset is at an undervalue, then the social, economic, environmental or other applicable benefits will be clearly set out in the decision report, with reference to the Council Plan or the Asset Management Strategy.

Openness and Transparency

The Local Authority publishes information on land and building assets in accordance with the mandatory requirements of the Local Government Transparency Code 2015.

Discussions will be held with Somerset Council colleagues and strategic partners (including where appropriate the Council’s One Public Estate partners) before an asset is declared surplus by the Asset Management Group. Any decision to dispose of an asset will be made strategically and collaboratively and where there are no suitable or identified future uses.

If the value of the asset is over £500k, the proposed disposal will be published on the Council Forward Plan. The Corporate & Resources Scrutiny Committee has the power to 'call in' decisions and review a decision and recommend that the council reconsiders it. Disposals of sites with a value between £50k and £499k will be subject to a Non Key Decision and the Local Members will be consulted and the opposition spokesperson and Chair of the Scrutiny Committee – Corporate and Resources will be informed where appropriate.

Local members will be informed and engaged with in relation to the intended disposal approach at an appropriate point in the process and consulted as part of the decision-making process. Local Members are bound by their Code of Conduct and to keep commercial sensitive information confidential.

If applicable/appropriate, there will be consultation with the Town or Parish Councils.

In order to protect the interests of the Council and any other parties in disposal transactions, financial and commercial details of potential and in-progress transactions may remain confidential until it is judged that the release of details would not be detrimental to the current and future interests of the involved parties.

Small Sites

If there are any small sites, deemed to be surplus the following will be considered.

- Potential ransom value
- Strategic value
- Political sensitivity
- Community impact/value

Small sites that are considered to be surplus will all be listed for consideration at the bi-monthly AMG meetings. Very small disposals e.g., small strips sold to neighbours may be circulated for AMG Members for review between meetings. Subject to AMG review, small sites under £50k will be disposed under Officer delegation, unless Lead Member, AMG or Local Member consultation is considered appropriate in light of any of the four considerations above.

Officers will consider what the decision means to the community and the impact / value it has on them.

Asset Devolution Framework

The Asset Devolution Framework will be aligned with this Disposals Policy and asset disposals under any devolution programme will need to take these overarching policies and procedures into consideration.

Background document

Asset Management Strategy and Plan

<https://www.somerset.gov.uk/finance-performance-and-legal/land-and-property/>

Responsible	Service Director Strategic Asset Management
Accountable	Lead Member for Economic Development, Planning and Assets
Consulted	Asset Management Group (28 th July 2023) Leader of the Council and Lead Member for Governance & Communications Deputy Leader of the Council and Lead Member for Resources and Performance Lead Member for Economic Development, Planning and Assets
Informed	Scrutiny Committee - Corporate and Resources (7 th September 2023)

Version History

Revision Date	Author	Version	Description of Revision
13/04/2023	Strategic Asset Management	1	Draft version
28/07/2023	Strategic Asset Management	2	Asset Management Group
14/08/2023	Strategic Asset Management	3	Post Informal Exec

Document Notification

Approval	Name	Date

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Emerging Council Business Plan

Page 35 Corporate and Resources Scrutiny Committee
7 September 2023

Alastair Higton, Paul Harding



Somerset
Council

Council Business Plan

This presentation provides an outline of the emerging Council Business Plan (slides 8 to 11), as we seek to capture and articulate the key outcomes and actions that will start to deliver the four priorities within the approved [Council Plan 2023-2027](#).

This meeting is one of many sources of engagement, input and challenge that will help shape the final Plan, prior to its consideration by the Executive on 4 October 2023.

Our Ask of the Committee:

Does the emerging Business Plan capture the key outcomes and areas of focus?

- Is it “on the right track?”
- What could be missing or need changing?
- What outcomes need to be given particular emphasis?
- Which outcomes are you particularly keen to track progress on (and any thoughts on measures/ targets)?

Date: 7 September 2023

Authors: Paul Harding, Sunita Mills, Tony Johnson, Nicola Miles, Alastair Higton, Ryszard Rusinek

Why we Need a Business Plan

- The Business Plan is part of the ‘Golden Thread’ that turns the Council Plan into activity so we are ‘pulling in the same direction’.
- We cannot do everything and cannot do it all at once, so it says what the most important things are so our work aligns with our overall goals
- The plan sets out where we will deliver ourselves, with others or by influencing others.
- It doesn’t cover day to day transactional or operational activities: it covers more strategic activities and projects that deliver our ambitions.
- It holds us to account to do a good job **together**

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A good Business Plan will drive and stress the importance of:

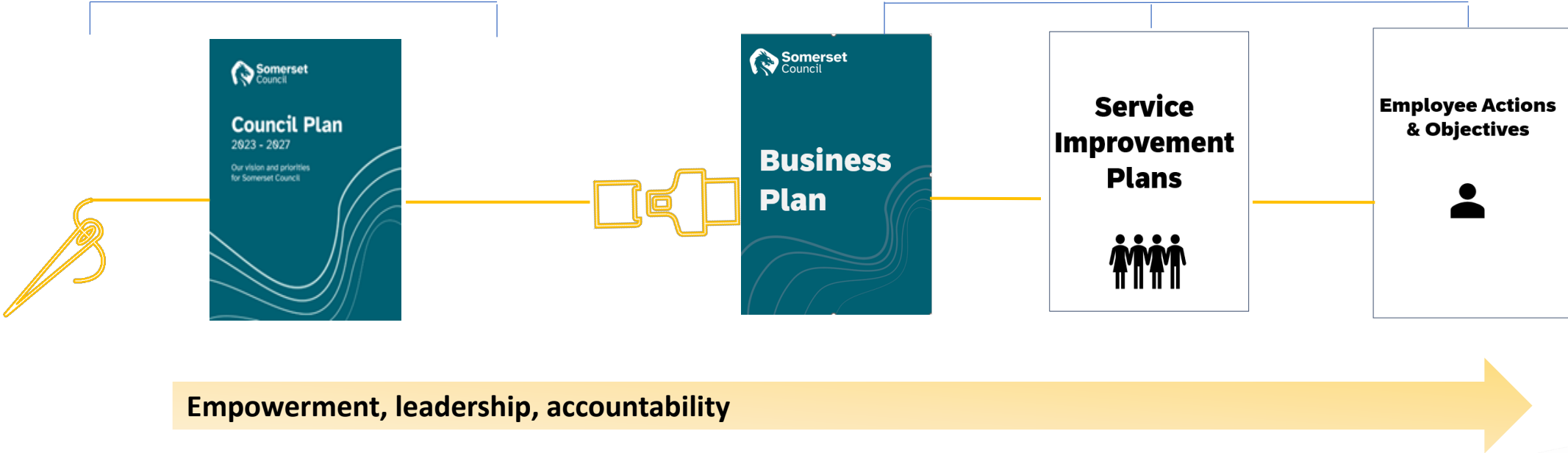
- ✓ **Leadership** at both political and managerial levels, and the need for clear vision, strategy, and direction for the council.
- ✓ **Financial management** and ensuring that we have robust and realistic budgets, and financial discipline.
- ✓ **Service delivery** so we know what matters and maintain or improve the quality and accessibility of services for our communities, while seeking opportunities for innovation, collaboration, and transformation.
- ✓ Good **governance** with clear and transparent decision-making, scrutiny and accountability.

The 'Golden Thread'

Broad detail: **Administration intentions** and Member/ stakeholder input into policy development (What and Why)

More detail: **Delivery** (How, Who and When)

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Context for our Teams

As well as the Council Plan, there are some other important drivers for a Business Plan. For Somerset Council these include:

Medium Term Financial Strategy

Ensure that we manage our financial resources effectively so that spending commitments do not exceed available resources and that the Council's long term financial health and viability remain sound.

Empowerment, leadership and accountability

We seek to empower ourselves as individuals, teams and services, allowing us to lead confidently, be accountable for successes and empowered to solve problems and take advantage of opportunities

Business as Usual

Something like 70-80% of what we do we continue to do each day. The Business Plan describes the critical activity to take the council forward to deliver the council vision, priorities and overall ambition: it doesn't try to list all we do.

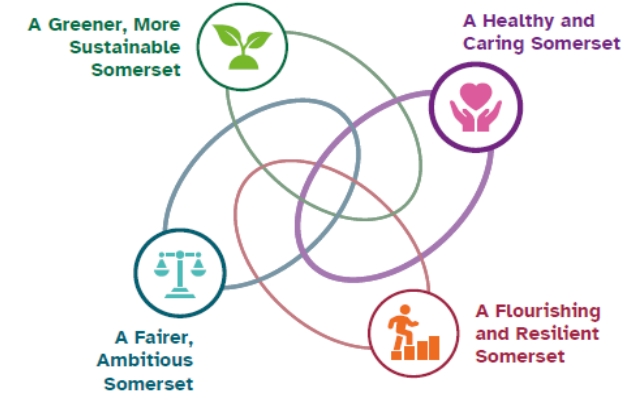
Public Sector Funding, Demand and Staffing

Contraction in public sector funding combined with increased demand and a difficult employment market

Live Strategies and Plans

Commitments have been established in existing active strategies and plans, which are already producing results (for example, Homes and Horizons partnership, and Local Cycling and Walking Infrastructure Plans).

Strategic Picture



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<p>Housing Strategy</p>	<p>Education for Life Strategy</p>	<p>Climate Emergency Strategy</p>	<p>Digital Strategy and Customer Strategy</p>	<p>Integrated Health & Care Strategy</p>
<p>Medium Term Financial Strategy</p>	<p>Tree Strategy</p>	<p>Adult Social Care Strategy</p>	<p>Somerset Future Transport Plans</p>	<p>Local Plan(s)</p>
<p>Improving Lives Strategy</p>	<p>LGR Transition Programme</p>	<p>Our Transformation Programme</p>	<p>Children & Young People's Plan</p>	<p>Economic Strategy (ies)</p>

And others

Emerging Activities (draft)

Following workshops etc **four broad delivery clusters** have emerged for the activities that will deliver and support the Council's four priorities. These delivery clusters are:

- A Sustainable and Effective Council
- A great education for life through access to good education at all levels and strong leadership to make it happen
- A healthy environment that supports physically, mentally and emotionally healthy lives
- Creating the conditions for Somerset to have a flourishing and resilient economy

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Activities may feature across several clusters – this shows the cross-cutting nature of what we do.

We are working to provide the following level of detail (red sections are under development). This will include who our partners are.

Outcome (what we want to see)	Critical activity to deliver that outcome	“When will we see significant change?”	What does success look or feel like?	Targets	Additional barriers to overcome (if any)

The next 4 slides provide:

- A more worked up version of one cluster (Sustainable and effective council)
- High level detail of other clusters, with more detail yet to be added

Detailed cluster (in draft): A Sustainable and Effective Council

Outcome (what we want to see)	Critical activity to deliver	“When will we see significant change?” (NB: to be validated)	What does success look or feel like?
A financially sustainable council	<ul style="list-style-type: none"> • MTFP 2024-25 • Balanced budget outturn from 2023-24 • Council Transition Programme 	<p>1 year 1 year 2 years</p>	<ul style="list-style-type: none"> • A balanced 2024-25 MTFP • Delivery of financial recovery plans, agreed savings, staffing opportunities and underspend opportunities • Realisation of remaining LGR financial and non-financial benefits
Services aligned in the new council	<ul style="list-style-type: none"> • Council Transition Programme • Service structure transition (part of transition programme) • Council Transformation Programme 	<p>2 years 2 years 2-5 years</p>	<ul style="list-style-type: none"> • Realisation of remaining LGR financial and non-financial benefits • Realisation of full benefit identified in the Business Case • Longer-term benefits defined in the Business Case and other activity tbc.
A positive culture in the new council	<ul style="list-style-type: none"> • Workshops with staff to develop an agreed set of values and behaviours • Embed the operating model • Agree and embed a council approach to commissioning 	<p>1 year 1 year 1 year</p>	<p>An organisation culture that is recognisably confident, productive and supports effective delivery of the council’s work.</p>
Digital innovation in our work	<ul style="list-style-type: none"> • Deliver the Digital Strategy • Transition Programme • Transformation Programme 	<p>1-2 years 2 years 2-5 years</p>	<ul style="list-style-type: none"> • Deliver the “getting started” top 10 activities in the Strategy • Under development • Under development

Emerging cluster (in draft): A great education for life through access to good education at all levels and strong leadership to make it happen

Outcome (what we want to see)	Critical activity to deliver that outcome	“When will we see significant change?”	What does success look or feel like?
Give children the best educational start in life	<ul style="list-style-type: none"> • Deliver the Education for Life Strategy 		Being developed
Young people and adults stay in, or return to, Somerset because they have the option of well-paid, meaningful employment.	<ul style="list-style-type: none"> • Deliver the Education for Life Strategy • Somerset Community Learning Programme 		
With communities, attract and retain working age adults to ensure a skilled workforce is available within the County	<ul style="list-style-type: none"> • Somerset Community Learning Programme 		

Emerging cluster: A healthy environment that supports physically, mentally and emotionally healthy lives

Outcome (what we want to see)	Critical activity to deliver that outcome	“When will we see significant change?”	What does success look or feel like?
People live healthy, independent lives, supported by thriving communities with timely and easy access to high quality and efficient public services when they need them.	<ul style="list-style-type: none"> • Provide leadership across the health & care system using the Somerset Board • Deliver the vision, ambition and aims of the Integrated Health and Care Strategy • Deliver the Adult Social Care Strategy priorities • Deliver the Children and Young People’s Plan • Deliver the Education for Life Strategy • Embed the Public Health operating model • Transition Programme • Transformation Programme <ul style="list-style-type: none"> • New Local Plan • New Local Transport Plan • Develop Local Community Networks 		
Decent quality, low carbon, social housing	<ul style="list-style-type: none"> • Create and deliver the new Housing Strategy for Somerset • Create a new Local Plan • Transition Programme • Transformation Programme 		Being developed
More people access active and sustainable travel options	<ul style="list-style-type: none"> • Create and deliver a new Local Transport Plan 		
Somerset is a proactively climate and biodiversity conscious place	<ul style="list-style-type: none"> • Deliver the climate emergency strategy including considering climate and ecological issues in all that we do, and decarbonising council assets & activities 		Net Zero County by 2030
Medium- and long-term plans for infrastructure to create a green economy, protected environment and connected communities	<ul style="list-style-type: none"> • New economic development and tourism strategy • Develop and expand on the emerging Place Narrative to support development of policy and key strategies / activities • New arrangements regarding Local Enterprise Partnership responsibilities transferred to Somerset Council 		
Somerset Council is a strong leader of place	<ul style="list-style-type: none"> • Develop and expand on the emerging Place Narrative to support development of policy and key strategies / activities • Work with Government and others on effective planning for changes to LEPs 		

Emerging cluster: Creating the conditions for Somerset to have a flourishing and resilient economy

Outcome (what we want to see)	Critical activity to deliver that outcome	“When will we see significant change?”	What does success look or feel like?
Reduced economic inequality and increased social mobility	<ul style="list-style-type: none"> • Deliver the Education for Life Strategy • Deliver the Integrated Health and Care Strategy • Create and deliver a new Local Plan • Create and deliver a new Local Transport Plan • New economic strategy(ies) (wording/detail tbc) 		
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 31</p> Drive increased inward investment, especially where it is most needed and/or can have the greatest benefit	<ul style="list-style-type: none"> • Acting as an influencer and partner to create the conditions for economic growth • Working to deliver benefit from Hinkley Point C and ultimately a strong legacy • Delivery of Gravity (subject to final announcement) • New economic strategy(ies) (wording/detail tbc) • Improved physical and digital connectivity • Work with Government and others on effective planning for changes to LEPs 		Being developed

Recent feedback

Include or give greater emphasis to:

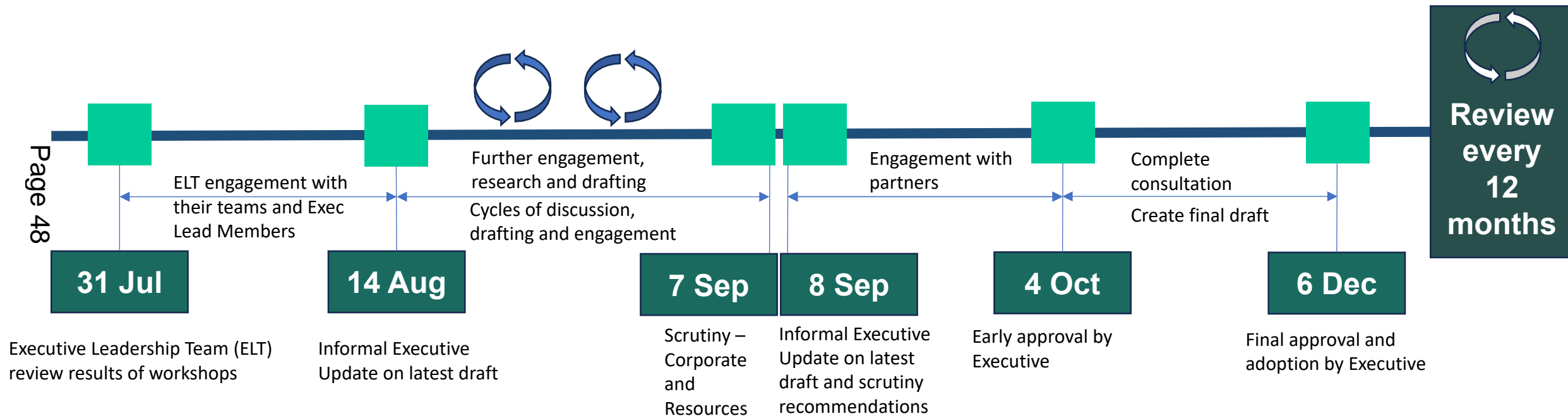
- Our Digital offer
- Active travel
- Environment & climate change – 2030 target
- Ensure doesn't appear to be a 'county council' Plan
- Agility and responsiveness to unexpected challenges
- Support for unpaid carers
- Role of VCFSE sector and communities in defining and delivering the outcomes we seek
- The following outcome covers too much: “People live healthy, independent lives, supported by thriving communities with timely and easy access to high quality and efficient public services when they need them.”

Next Steps

1. Continue to develop iterations of the Plan.
2. Feedback to Informal Executive on latest iteration of the Plan, including any comments from Corporate and Resources Scrutiny Committee.
3. Meet with Directors and their teams to identify:
 - Any gaps
 - Their Action Plans
 - How impact will be measured – (measures and targets)
3. Engage with partners and seek feedback
4. Finalise the Plan for early approval by Executive on 4 October 2023.

Timeline*

The Plan is being developed iteratively.



* Committee publication timescales have been taken into account

Discussion

Does the emerging Business Plan capture the key outcomes and areas of focus?

- Is it “on the right track?”
- What could be missing or need changing?
- What outcomes need to be given particular emphasis?
- Which outcomes are you particularly keen to track progress on (and any thoughts on measures /targets)?

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Decision Report - Executive



Decision Date – 6th September 2023

Forward Plan Ref - FP/23/

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

2. Then overall outturn for 2022/23 across all 5 councils is an overspend of £18.8m and means that there is General Fund Reserves of £49.8m and Earmarked Reserves of £111.9m after allowing for the transfer from Earmarked Reserves to General Fund Reserves and the planned use of reserves agreed in the 2023/24 budget.

Recommendations

3. That the Executive:
 - a. Note the final overall 2022/23 overspend for Somerset of £18.8m **(section 5)**.
 - b. Agree the requested carry forwards of £0.5m **(section 6 - Table 2)**
 - c. 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.
 - d. Agree the additions and amendments to the Capital Programme in the last quarter **(section 8)**.

- e. Note the completed capital projects (**section 8 - Table 7**)
- f. Note the year end position of the Capital Programme and approve the requests outlined in **Appendix 7** to carry forward budgets to 2023/24.
- g. Note the position on capital receipts and commitments (**section 8 - Table 8**)
- h. 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).
- i. Approve the capital carry forwards of £4.6m relating to Sedgemoor District Councils HRA.
- j. Approve the reduction of £8.8m for capital schemes no longer required within the previous Somerset West and Taunton HRA

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 shows 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 auditors 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	19.2	0.6
Somerset Outturn Position	448.6	467.4	(18.8)

18. Of the overall deficit of £18.8m, £21.2m 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 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	tba	tba	(6.8)
Somerset Council Total	(38.6)	18.6	(26.8)

21. The Financial Strategy approved in July identified 17 key areas of activity, one of which was the 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 transfer 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
Reserve use expected for 2024/25 in the MTFP	2.0
Remaining Earmarked Reserves	(111.9)

25. As Earmarked Reserves are set aside for specific purposes a full review is now underway to ensure that the £23m can be repurposed and that there are sufficient reserves to meet the needs of Somerset Council. 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. Members are requested to approve that the carry forwards of £91.9m 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				
		2023/2 4	2024/2 5	2025/2 6	2026/2 7 >	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	27.3	170.9	15.8	2.0		216.1
Community Services	(0.1)	31.0	12.8	2.4		46.1
Resources & Corporate Services	12.2	18.0	3.3	0.8		34.3
Strategy, Workforce, & Localities		0.2	0.1	0.1		0.5
Paused Schemes	0.6		7.7	0.1		8.4
Accountable Bodies	40.2					40.2
Total	91.9	258.7	59.4	11.8	2.4	424.1

Changes to the Capital Programme Approvals in Quarter Four

27. **Recommendation (2e)** 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	0.005			(0.005)	Borrowing
MDC	Replacement Laptops	0.0015			(0.0015)	Borrowing
		0.0065			(0.0065)	
SCC	Early Years Condition	2.000	0.020	1.200	(0.780)	Borrowing /
	Community Services					Grant
SCC	(Children)	0.088			(0.088)	Capital
		2.088	0.020	1.200	(0.868)	Receipts

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 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
Flexible Capital Receipts – Adults Services Transformation (tba)	7.0
Expected receipts 2023/24	(11.0)
Remaining Capital Receipts	(1.5)

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 the Adults Services transformation project is 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.

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

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	
Communications	Chris Palmer	
Finance & Procurement	Nicola Hix	
Workforce	Chris Squire	
Asset Management	Oliver Woodhams	
Executive Director / Senior Manager		
Strategy & Performance	Alyn Jones	
Executive Lead Member		
Consulted:	Councillor Name	
Local Division Members		
Opposition Spokesperson		
Scrutiny Chair		

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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 £408.0m against a net budget of £383.7m. This gives a £23.4m overspend which represents a unfavourable variance of 6.1%. This variance takes into account the carry forwards outlined in section 6. Overall, there has been a £0.3m adverse movement since the month ten 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 were:

- Adults Services has a £15.4m adverse variance against their budget (9.6% of service budget); an adverse movement of £3.5m from month ten. The adverse variance mainly relates to an increase in demand within the residential and nursing budget and care home closures.
- Children's Services has a £21.2m adverse variance against their budget (19.8% of service budget); a deterioration of £1.3m from month ten. The deterioration mainly relates to an increased number of children in unregistered care.
- Economic & Community Infrastructure (ECI) has a £3.7m favourable variance against their budget (4.9% of service budget); a strengthening in position of £2.9m from month ten. This underspend is largely due to some project delays and slippage as well as staff vacancies.
- Corporate Costs has a £5.1m favourable variance against budget, a £1.7m increase of the previously reported underspend at month 10. This favourable movement is due to increased special grant income, and investment income being higher than forecast.
- Corporate Contingency has a final remaining balance of £2.8m at outturn.

Of the £5.1m Transformation, Savings, and Income Generation plans approved in February 2022 61% (£3.1m) were achieved and 39% (£2m) were unachieved. A provision was made within the 2022/23 budget to reverse £0.2m of the unachievable savings.

b. Contingencies

At the start of the year a £6.0m budget was approved. Allocations of £3.2m have been made in 2022/23 leaving £2.8m. This has been included within the overall year end position.

c. Capital Programme

The capital programme is split between Somerset County Council's programme and Accountable bodies.

The year-end position of the SCC's capital programme saw expenditure of £89.7m against an overall budget of £130.0m, giving an in-year variance of £40.3m. £38.1m of this variance has been reprofiled into future years, with a £2.2m underspend projected.

The Capital Programme for Somerset Council was based on the predicted outturn as at quarter two for all Somerset Authorities. Table 19 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.

The capital programme for Accountable Bodies saw expenditure of £21.5m against an overall budget of £44.1m, giving an in-year variance of £22.6m. The variance has been reprofiled into future years, with an on-budget position currently being forecast.

2. Reasons for recommendations

To finalise the Council's financial position for the year ended 31st March 2023.

3. Background

Full Council approved the revenue budget of £378.7m 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 £383.7m (the current budget includes carry forwards and reserve movements) as at the end of March 2023.

Revenue Budget

4. Final Outturn Position

Table 1 shows the final 2022/23 outturn position against the current budget.

2021/22 Outturn Variance £m	Service Area	Original Budget £m	Current Budget £m	Full Year Projection £m	Month 12 Variance £m	A/(F)	Movement From Month 10 £m	Direction From Month 10
(0.2)	Adult Services	159.7	160.7	176.1	15.4	A	3.5	↓
4.2	Children's Services	105.0	107.1	128.3	21.2	A	1.3	↓
0.0	Public Health	1.3	1.3	1.1	(0.2)	(F)	(0.2)	↑
(1.7)	Economic & Community Infrastructure	71.9	75.0	71.3	(3.7)	(F)	(2.9)	↑
2.3	Direct Services Position	337.9	344.1	376.8	32.7	A	1.7	↓
(0.2)	Customers, Digital & Workforce	16.9	17.7	17.3	(0.4)	(F)	(0.1)	↑
0.0	Finance and Governance	12.1	14.4	14.3	(0.1)	(F)	0.0	→
0.0	Accountable Bodies	4.3	4.5	4.5	0.0	-	0.0	→
(2.6)	Corporate Costs	1.5	0.2	(4.9)	(5.1)	(F)	(1.7)	↑
0.0	Trading Units	0.0	0.0	0.0	0.0	-	(0.2)	↑
(0.5)	Total Service Position	372.7	380.9	408.0	27.1	A	(0.3)	↑
(3.6)	Corporate Contingency	6.0	2.8	0.0	(2.8)	(F)	0.5	↓
(4.1)	Total after Contingencies	378.7	383.7	408.0	24.3	A	0.2	↓
0.0	Reserves	(8.3)	(13.3)	(13.3)	0.0	-	0.0	→
0.0	Council Tax	(279.9)	(279.9)	(279.9)	0.0	-	0.0	→
0.0	Business Rates	(84.1)	(84.1)	(85.0)	(0.9)	(F)	0.1	↓
0.0	Revenue Support Grant	(6.4)	(6.4)	(6.4)	0.0	-	0.0	→
(4.1)	Total Month 12 Position	(0.0)	(0.0)	23.4	23.4	A	0.3	↓

Arrows show forecast movement from the previous month:

↑ Favourable movement → No movement ↓ Adverse movement

5. Carry Forward Requests

To carry forward funds the following criteria must be met:

- The service must have an underspend greater than the carry forward request.
- There must be an adequate reason why the funds allocated to be spent during 2022/23 have not been utilised.
- The project is not a new project but is a continued priority of something not delivered in 2022/23.
- There must be a definable impact if funds are not carried forward.
- There must be operational capacity to complete the project in 2023/24.

Carry forwards are shown for transparency as they will be held in reserves in the first instance and will be allocated to services in 2023/24. The final outturn position of £23.4m includes carry forwards. If the carry forwards are not approved the overspend would reduce to £22.9m.

Due to the overspend position and new priorities of Somerset Council carry forward requests have been kept to a minimum. These carry forwards relate to grant money, which although there is no obligation to repay if it unspent, are being carried forward to be spent on the projects for which the funds were initially given.

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	

6. Impact on General Fund Reserves

It is recommended that General Reserves are used to fund the overspend position (£23.4m including £0.5m carry forwards) for 2022/23. Although this will result in the General Reserve being at a sub-optimal level this will be rectified on 1st April 2023 when the district councils' balances are transferred to Somerset Council. A review of

reserves will be completed as part of the first budget monitoring report for Somerset Council.

Table 3: Planned use of overspend 2022/23

General Fund Reserves	£m
Balance as at 01/04/2022	(27.1)
2022/23 Overspend	23.4
Balance as at 31/03/2023	(3.7)

7. Service Details of year end position

1. Adult Services

- 2022/23 net budget £160.7m, outturn adverse variance £15.4m, adverse movement £3.5m
- 2021/22 net budget £146.2m, outturn favourable variance £0.2m

Table 4: 2022/23 Adult Services as at the end of March 2023 (Month 12)

Service Area	Current Budget	Full Year Projection	Month 12 Variance	A/(F)	Movement From Month 10	Direction From Month 10
Adult Social Care - Physical Disability/Sensory Loss/65 Plus						
Residential & Nursing	40.2	46.7	6.5	A	(0.2)	↑
Home Care	24.8	24.5	(0.3)	(F)	0.1	↓
Direct Payments	10.7	12.1	1.4	A	0.1	↓
Staffing Costs	10.6	10.8	0.2	A	2.0	↓
Transport, Daycare & Other	3.0	3.6	0.6	A	0.6	↓
sub total	89.3	97.7	8.4	A	2.6	↓
Mental Health						
Residential & Nursing	11.0	13.4	2.4	A	0.4	↓
Home Care/Supported Living	4.5	5.4	0.9	A	0.1	↓
Staffing/Deprivation of Liberty Safeguards	4.6	4.2	(0.4)	(F)	(0.4)	↑
Direct Payments, Day Care & Other	1.0	1.4	0.4	A	0.0	⇒
sub total	21.1	24.4	3.3	A	0.1	↓
Learning Disabilities						
Residential & Nursing	20.6	22.6	2.0	A	0.4	↓
Supported Living/Home Care	25.1	27.3	2.2	A	0.3	↓
Direct Payments/In Control	9.1	9.5	0.4	A	(0.3)	↑
Day Care	3.5	5.1	1.6	A	0.1	↓
Discovery	29.8	27.8	(2.0)	(F)	(0.1)	↑
Transport, Shared Lives & Other	8.2	8.8	0.6	A	0.1	↓
sub total	96.3	101.1	4.8	A	0.5	↓
Commissioning						
Commissioning	13.1	15.8	2.7	A	3.1	↓
Better Care Fund	(34.7)	(37.4)	(2.7)	(F)	(2.7)	↑
LD Pooled Budget Income	(24.4)	(25.5)	(1.1)	(F)	(0.1)	↑
sub total	(46.0)	(47.1)	(1.1)	(F)	0.3	↓
Adult Services Total	160.7	176.1	15.4	A	3.5	↓

Adult Services - key explanations, actions, and mitigating controls

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

Adult Social Care ended this year with an adverse variance of £8.4m. As has been reported throughout the year; more people have been receiving support through Residential and Nursing placements, as well as an increase in home care delivery compared to previous years. This has led to overspends of £6.5m against placements and £1.4m within direct payments.

Within the cost pressure against Residential and Nursing is £1.2m for home closures across Somerset due to difficult financial stability within the current market.

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 funded from the Intermediate Care budget but could have a longer-term impact on the social care budget.

Mental Health

The Mental Health budget continues to be an area of growth for the past few years, and this has continued in 2022/23 with an adverse variance of £3.3m. Residential and nursing continues to be a pressure for the service due to a combination of increasing numbers and high unit costs. This budget includes individuals who have a diagnosis of dementia.

Learning Disabilities

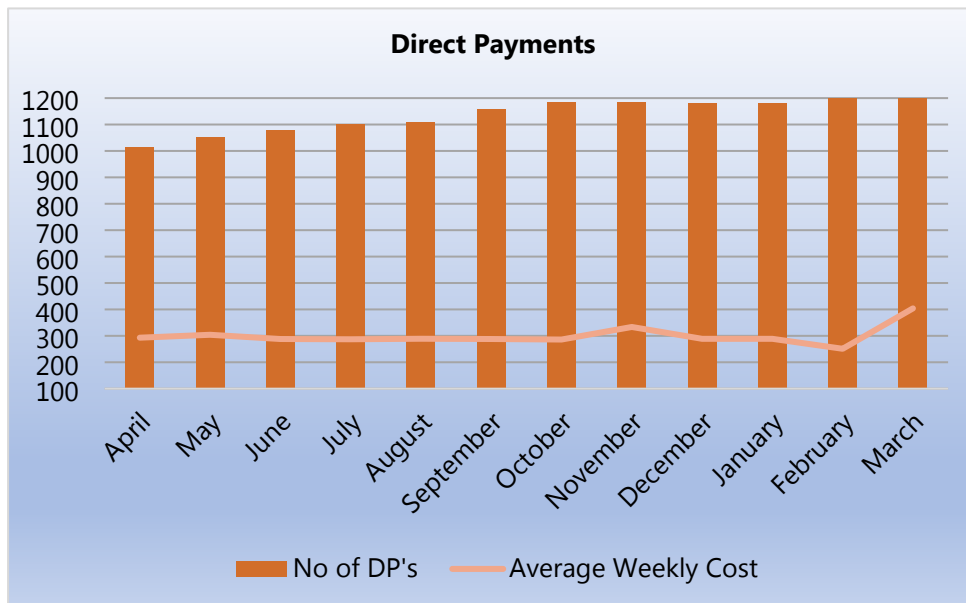
Overall, Learning Disabilities ended the year with an adverse variance of £4.8m. The four main pressure areas continue to be Residential £2m, Supported Living and Homecare £2.2m, and Day Care £1.6m due to market sustainability. Supported Living is in the best interest of people but is an area where unit costs can be high.

As families feel more self-assured of living with Covid they feel more confident of using day services as an option for a carer's break/respite. Consequently, we are seeing increased need and subsequent spend.

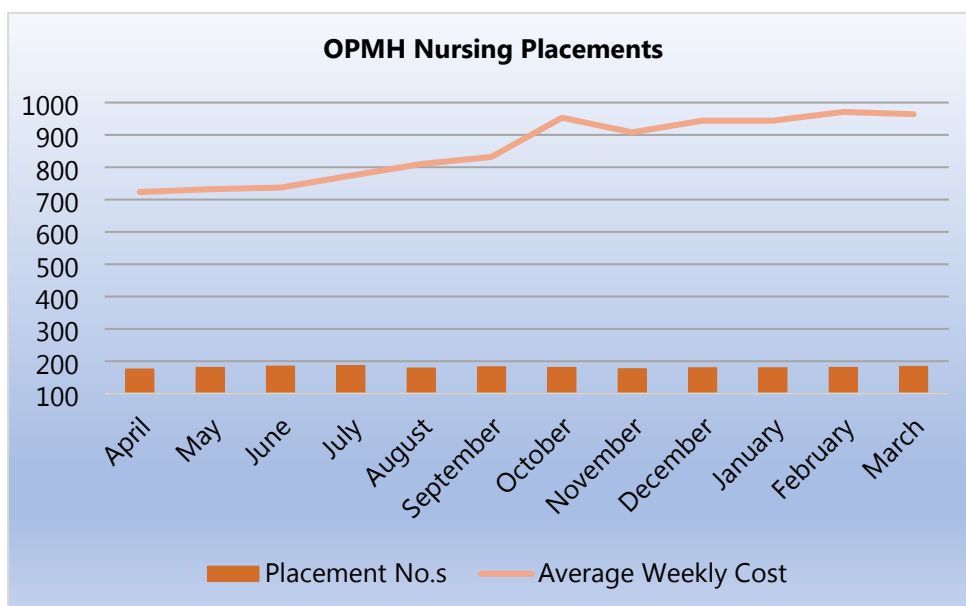
Medium Term Financial Plan (MTFP)

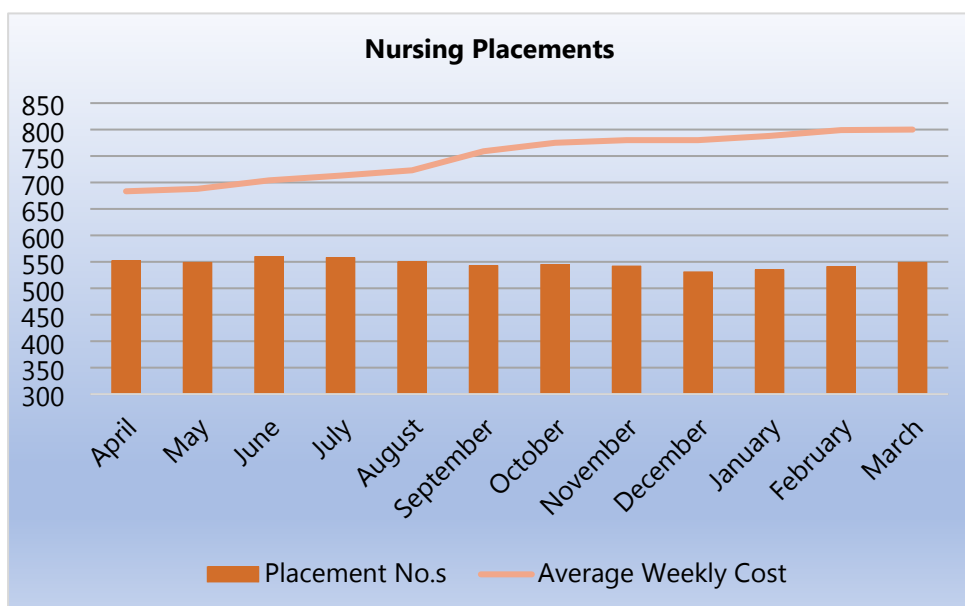
There were £0.6m of MTFP savings to be achieved during 2022/23. Whilst an element of these were achieved for this year £0.1m, due to continued efforts undertaken to deal with current demands it meant savings of £0.5m have not been achieved during this financial year.

Adult Services - key performance cost drivers



Since the beginning of the financial year, we have seen the number of people receiving a Direct Payment increase from 1,106 to 1,247 packages. The current weekly average cost of a Direct Payment is £404 per package, compared to £293 at the beginning of the financial year.





The number of Older People Mental Health (OPMH) Nursing placements has increased by eight placements in this financial year, from 176 to 184. The current weekly average cost for OPMH Nursing is £964 per placement, an increase of £116 during the year.

Nursing placements decreased by three since the beginning of the financial year from 552 to 549. The current weekly average cost for Nursing is £800 per placement, compared to £683 at the beginning of the financial year, an increase of 17%.

Adult Services - key risks, future issues, and opportunities

Adult Social Care (ASC) had £7.2m of one-off money last year, the budget therefore came in underspent. ASC has seen significant additional funding this year, however the inflation uplift, increase in demand post covid and the increased cost of living has resulted in this projection.

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 increase demand, the cost-of-living rise, particularly the increase in petrol, gas, electric, and food. Alongside this our neighbouring authorities, due to lack of supply in their areas, are wanting to purchase additional beds in Somerset at significantly higher cost than we currently purchase these beds.

When we consider the market spend on supporting people to remain independent at home, we need to take into consideration the spend on Home Care and Direct Payments you will see increase in both these areas.

2. Children's Services

- 2022/23 net budget £107.1m, outturn adverse variance £21.2m, adverse movement £1.3m
- 2021/22 net budget £101.8m, outturn adverse variance £4.2m

Table 5: 2022/23 Children's Services as at the end of March 2023 (Month 12)

Service Area	Current Budget £m	Full Year Projection £m	Month 12 Variance £m	A/(F)	Movement From Month 10	Direction From Month 10
Children's Social Care						
Prevention	5.8	5.9	0.1	A	0.0	⇒
Fostering & Permanence	12.9	12.6	(0.3)	(F)	0.2	↓
External Placements	27.4	42.6	15.2	A	1.3	↓
Fieldwork	9.1	10.4	1.3	A	(0.4)	↑
Disabilities	3.6	4.0	0.4	A	(0.1)	↑
Partnership, Audit & Quality	2.7	2.5	(0.2)	(F)	(0.1)	↑
Safeguarding	0.0	0.0	0.0	-	0.0	⇒
Children Looked After	4.5	5.6	1.1	A	0.2	↓
Leaving Care	2.1	2.4	0.3	A	0.2	↓
Residential Homes	2.4	1.8	(0.6)	(F)	(0.1)	↑
Central	0.6	1.1	0.5	A	0.0	⇒
sub total	71.1	88.9	17.8	A	1.2	↓
Commissioning						
Commissioning Services	11.2	11.2	0.0	-	0.0	⇒
Supporting Families	(0.4)	(0.6)	(0.2)	(F)	(0.2)	↑
Central	0.6	0.6	0.0	-	0.0	⇒
sub total	11.4	11.2	(0.2)	(F)	(0.2)	↑
Education Partnerships and Skills						
School Improvement	0.1	0.1	0.0	-	0.0	⇒
Education System Development	0.8	0.8	0.0	-	0.0	⇒
Early Years	0.5	0.5	0.0	-	0.0	⇒
Schools Statutory	0.0	0.0	0.0	-	0.0	⇒
sub total	1.4	1.4	0.0	-	0.0	⇒
Inclusion						
Inclusion Services	5.0	4.8	(0.2)	(F)	(0.4)	↑
Home to School Transport	10.9	12.2	1.3	A	(0.3)	↑
SEND Transport	6.6	9.1	2.5	A	1.0	↓
sub total	22.5	26.1	3.6	A	0.3	↓
Children's Services Total	106.4	127.6	21.2	A	1.3	↓

Children's Services - key explanations, actions, and mitigating controls

Children's Social Care

Children's Social Care services have an adverse outturn variance of £17.8m. Much of this pressure is seen in the external placements budget (for children looked after) with an adverse position of £15.2m.

At the end of March 2023 there were 572 children in care (573 in month 10). This equates to a rate per 10,000 of 52.3 (51.5 in month 10). Of these 572 children, 46 were unaccompanied asylum seeker children (UASC) compared to 47 at month 10 and 8 at the same time last year. The rate for Somerset's statistical neighbours is 69.1 and the England average is 69.9. Somerset has a consistently low rate of children in care largely due to the effective early intervention and community services which work to keep children with their families whenever it is safe to do so.

External Placements:

The net pressure for external placements for last financial year (2021/22) was £1.6m which included £3.3m of one-off Covid funding to mitigate the overall pressure. The highest areas of spend are in residential and unregistered sectors, with the greatest pressure on this year's budget being the unregistered placements, which were not forecast at the time we set the 2022/23 budget this time last year.

There are currently 77 children (as at the end of March) in residential care (compared to 74 at the same point last financial year). The net cost of residential care this financial year is £10.5m compared to £13.2m at the same point last year. The main reason for the change between financial years is the increased contributions from the NHS and DSG. The impact of the pandemic has been that children entering the care system have had more complex needs and therefore their care needs are higher costs in their own right. The Medium-Term Financial Plan (MTFP) had already taken account of likely increases in residential care and these costs are approximately in line with our assumptions.

Most of the pressure we are seeing in this year's budget relates to the cost of 15 children who have been in unregistered care at various points during the financial year (compared to 13 up to the same point in the last financial year), with a net position of £11.6m. These children have such complex needs predominately in relation to self-harm and complex mental health presentations that no registered provider locally, regionally, or nationally, have offered to provide care despite often daily requests. 8 of these children receive partner contributions from the NHS and DSG, with the total NHS contribution projected at £3.5m and DSG of £0.5m (already included in the net projection of £11.6m).

These are national issues which have been highlighted by independent reports commissioned by central Government and published in 2022, from the Competition and Markets Authority and The Care Review.

Our strategic partnership with The Shaw Trust is mobilising well with the first two children's homes having opened in February 2023 and Homes 3 and 4 opening by April/May 2023. Cost avoidance of £0.5m for 2022/23 has been calculated based on the first 2 young people moving into homes 1 and 2.

Partnership funding is regularly agreed to offset costs of more complex children, as part of the Multi-Agency Complex Care Needs Panel (MACCNP). The total income from all partners (which includes the NHS, DSG High Needs Block and other Government grants specifically relating to UASC) is £13.9m in 2022/23 (this includes £3.5m of NHS income and £0.5m of DSG for the unregistered children already mentioned above).

The service continues to work with individual children and their families to identify the best long-term home for them. Our Step Forward scheme helps children living in residential care to move to a foster home where this is in their best interest and a suitable foster home is available. This scheme also reduces costs within the external placements budget.

The other areas of unanticipated pressure are:

- semi-independent placements for 16–17-year-olds (£3.2m pressure); and
- the extension of timescales for care placements during care proceedings due to backlogs in the Family Proceedings Court (£0.6m pressure).

Fieldwork:

Several support packages have been in place across the county to provide 24/7 support to families at home, reducing the need for children to come into care. This has resulted in a pressure of £1.3m. Court delays have extended the period of support; however current costs will be less than if those individuals were brought into care.

Children Looked After

Additional costs relating to preadoption support as a result of court delays within the CLA budget have contributed to an overspend of £0.7m.

Transport costs across Children's Social Care for families and children looked after has an overspend of £0.4m. This is mainly due to the increased reliance on external providers since the COVID-19 pandemic, following a reduction in the availability of volunteer drivers (50% in 2018/19 compared to 17% in 2022/23). The current national cost of living

crisis will also be contributing to these pressures, with providers raising costs to cover the increase in wages. The increased complexity of children coming into care, as mentioned above, is also resulting in the reduction of suitable volunteer drivers, with many children requiring specialist assistants to accompany along the route.

Commissioning and Early Help

Funding of £0.4m for the Data Accelerator Programme, a collaboration between five local authorities and the Police, is being held by Somerset as the lead partner and will be requested as a carry forward into 2023/24. This grant will be used as a national leading pilot to support greater partnership information sharing, improving data maturity and the use of analytical products.

Earmarked funds of £0.2m within the Supporting Families grant is to support the Team Around the School element of the Family Connections model in 2023/24 and will be requested as a carry forward for the investment in early help transformation.

Inclusion

Home To School Transport

The cost of transporting children and young people to their place of education continued to be an area of pressure in 2022/23 with a total adverse outturn variance of £3.8m across Home to School and Special Educational Needs and Disability (SEND) transport.

Contractual inflation of 5% was built into the 2022/23 budget, however, following rising fuel costs, driver hourly rates and other related costs, some contracts have been retendered at significantly higher contract rates.

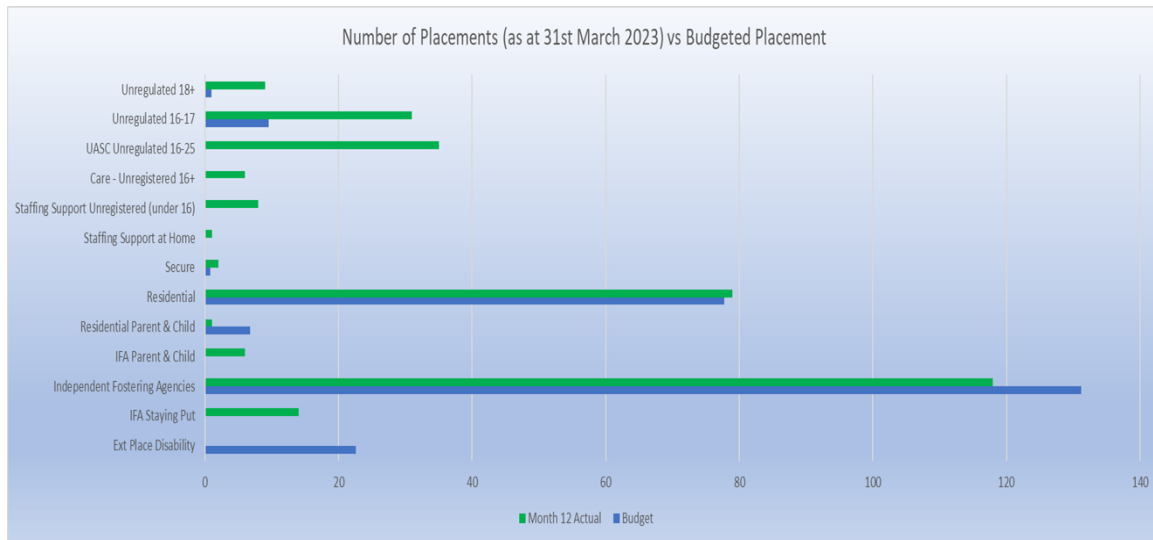
In addition, the increase in the number of children and young people with Education, Health, and Care Plans (EHCPs) who require transport has contributed to the overspend.

The service has robust cost control policies in place that only provide the basic statutory transport entitlement. Following an internal audit of Home to School Transport, a programme of work is underway to address the findings and improve assurance around the practices and commissioning of transport. A consultancy, Edge Public Solutions, has recently been engaged jointly by ECI and Children's Services, to review home to school transport policy and practice with the aim of both reducing costs and improving journey predictability.

Inclusion Services

The favourable outturn variance in Inclusion Services of £0.2m has arisen from an underspend in the Educational Psychology service where it has proven extremely challenging to recruit sufficient staff during 2022/23.

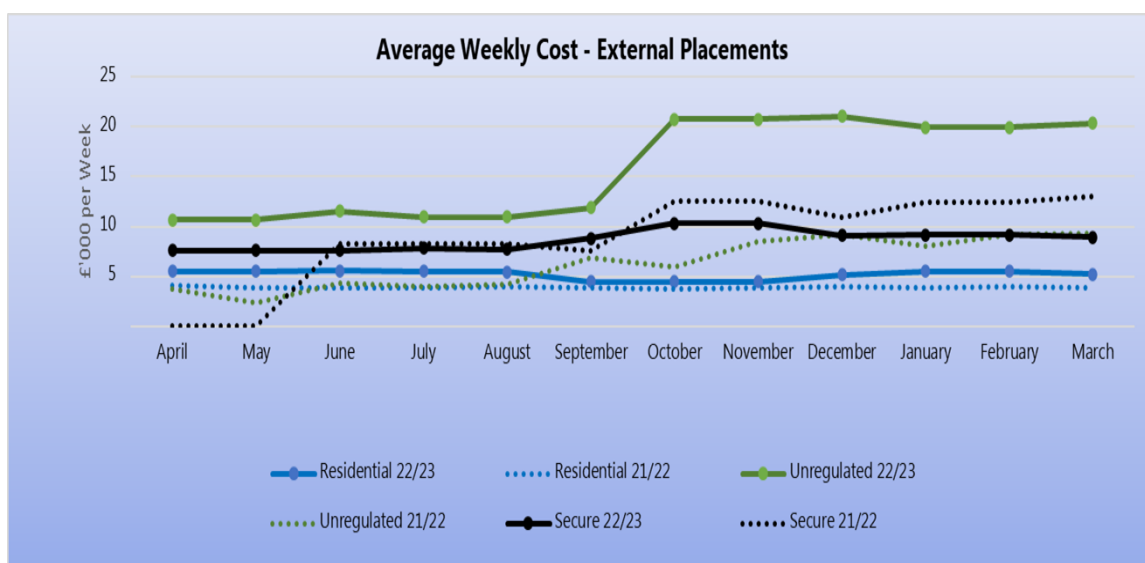
Children's Services - key performance cost drivers



Most of the external placements are in Independent Fostering Agencies (118), Residential (79), Semi-Independent 16/17 (31) and IFA Staying Put (14).

The current level of demand is 66 more than was built into the budget for the year, the most obvious variance being in Semi-Independent 16-17 (21 more than assumed).

The number of placement days projected to be provided for the year is higher than at any point in 2021/22, currently at 112,542. Demand is 29.4% higher than the level estimated in the budget. This is largely due to longer than expected parent and child assessment placements and fostering and residential placements, for children in care proceedings due to a backlog in the family court system.



Average weekly costs across external placements remain high – see narrative above for details.

Demand for Children’s Services, especially those with complex needs, has significantly increased over the last two years. This volume is now starting to level off, although not reduce, with a sustained level of complexity of need. There remain increased levels of poverty amongst Somerset families, high levels of poor emotional and mental health for children, and continuing child criminal exploitation issues. The corporate performance report demonstrates the continued demand on early help services.

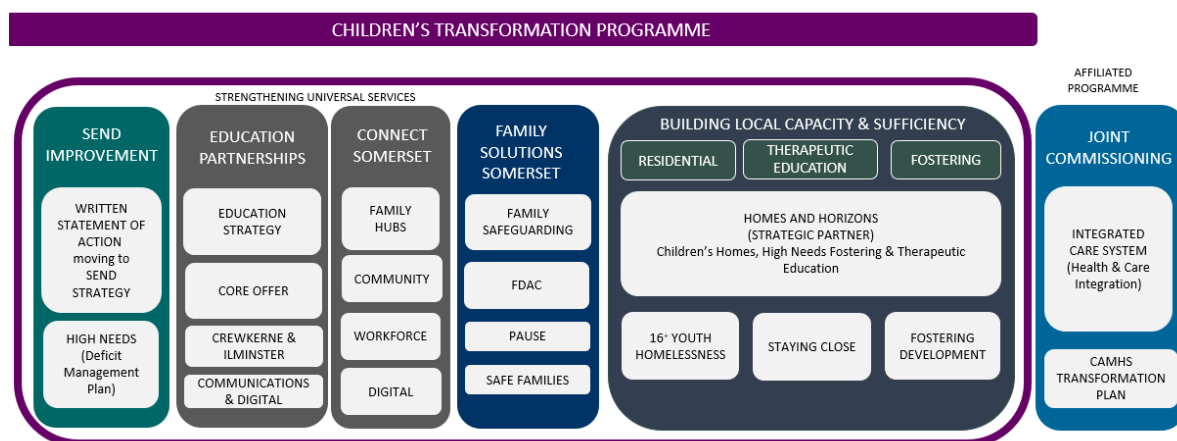
Compared to other local authorities, nationally, regionally and amongst our statistical neighbours, overall need for social work intervention and care placements are significantly lower, due in part to the Council’s investment in Family Safeguarding and the Family Intervention Service (SCCs Early Help Service) as part of the service’s model of preventative and proportionate intervention.

However, the increasing number of children with complex needs is putting a significant capacity and resource strain on the service. This is due in part to increased and multiplying needs but also the impact of national and local issues.

- Regulations which came into force in Autumn 2021 prohibiting the use of unregulated (i.e., not registered with Ofsted) provision for under 16s – this had unintended (but predictable) consequences of putting even more pressure on an already saturated residential care market.
- Insufficient secure accommodation in both the residential and mental health sector for children, which supports children to recover.

- Staffing – longstanding recruitment and retention issues in the residential and early help sectors have further deteriorated post pandemic. The availability of qualified social workers is becoming an issue nationally as fewer people want to join the profession.

The Children's Transformation Programme continues at pace; working with families to deliver sustainable change, enabling them to reduce reliance on statutory services and to achieve excellent outcomes.



Building Local Capacity & Sufficiency

- Homes and Horizons:
 - The first two children's homes opened in January/February 2023 with Homes three and four opening in May 2023. £1.85m capital funding has been secured from the DfE for the next wave of homes.
 - Development of the High Needs Fostering Service continues to progress well with the first four carer households due to be approved in June/July 2023
 - Discussions are continuing with the DfE around the delivery model for therapeutic education. The go live date has moved back to January 2024, as DfE Regions colleagues adapt their processes to a new way of working.
- 16+ Homelessness – the new tender is now out with providers and includes commitment from Housing colleagues to support for vulnerable non-care experienced young people aged 18 to 25.

Education Partnerships

The redesign of Education, Partnership & Skills is now complete with the majority of posts filled.

The new Education for Life Strategy was launched during March 2023 and work continues to implement the 'LA Maintained Core Offer' following Executive approval of the Full Business Case in December.

SEND Improvement

The revisit inspection for the Somerset Written Statement of Action closed on 1st December 2022. Inspectors judged that the area had made sufficient progress in addressing seven of the nine areas of significant weakness. An accelerated progress plan that will address the remaining two areas of significant weakness, will be monitored by the DfE. SEND improvement governance has been reviewed and updated to align with the end of the written statement of action, SEND revisit, ICS, and new SEND strategy.

The Inclusion service has restructured over the last quarter. Following on from this, new strategic managers are working to develop to a new operating model, enabling improved integration for the service and for families.

The Deficit Management Plan has been superseded by the DfE commissioned "Delivering Better Value" (DBV) programme. Our application for a £1m DBV grant was successful. This will support an 18-month transformation programme to mitigate increasing cost pressures on high needs expenditure.

Emerging Programmes of Work

- Somerset Connect (Early Help) - work is progressing to develop a model to support families in communities and thus reduce statutory demand with the detailed implementation plan in line with wider County-wide initiatives.
- Staying Close - continued early scoping work in collaboration with CAMHS for the provision of our 'Staying Close' model (for young people leaving care who need additional support), supported by £1.4m of DfE revenue funding.

Diagnostic Work

- Work has recently commenced with Impower to help us better understand the high cost and overspend in external placements with recommendations for potential future savings by increasing the number of children that step down from residential to foster care and increasing capacity in our in-house foster provision.
- Work with Edge Public Solutions who have been commissioned to assess education transport costs and any transformation that can be undertaken to inform school transport planning and costs going forward, is nearing completion.

3. Dedicated Schools Grant (DSG)

- 2022/23 total revised DSG allocation is £468.0m before recoupment and deductions.
- 2022/23 allocation after recoupment and deductions, and excluding individual school budgets, is £104.0m, outturn adverse variance £3.3m (Table 6).
- 2021/22 allocation after recoupment and deductions, and excluding individual school budgets, was £93.4m, outturn adverse variance £4.3m.
- DSG cumulative deficit as at 31 March 2023 was £23.4m (31 March 2022: £20.1m)

Table 6: 2022/23 Revised DSG Allocation

DSG Block	Allocation (before recoupment and deductions)	Recoupment and Deductions (Academy)	Allocation (after recoupment and deductions)
High Needs Block (HNB)	76.3	8.8	67.5
Central School Services Block (CSSB)	5.6	0.0	5.6
Early Years (EYB)	29.1	0.0	29.1
Schools Block (SB) *	357.0	233.3	123.7
Total DSG	468.0	242.1	225.9

* The Schools Block allocation after recoupment and deductions is £123.7m which is then delegated to Local Authority (LA) maintained individual school budgets and to the growth fund for new and growing schools. £1.8m is then de-delegated back to the LA for services that are delivered by the LA to our LA Maintained Schools – this can be seen in Table 6.

Table 7: 2022/23 DSG as at the end of March 2023 (Month 12)

DSG Block	Current Budget (£m)	Full Year Outturn (£m)	Outturn variance (£m)	A/(F)	Movement from Month 10	Direction from Month 10
High Needs Block (HNB)	67.5	71.4	3.9	A	(1.3)	↑
Central Schools Block (CSB)	5.6	5.4	(0.2)	(F)	(0.1)	↑
Early Years (EYB)	29.1	28.6	(0.5)	(F)	(0.7)	↑
De-delegated	1.8	1.9	0.1	A	0.0	→
Total	104.0	107.3	3.3	A	(2.2)	↑

DSG - key explanations, actions, and mitigating controls

The main areas contributing to the £3.9m adverse variance in the High Needs Block are:

1. Independent & Non-Maintained Schools (INMS) (£2.2m 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 throughout 2022/23. In part, this has been due to insufficient availability of maintained specialist provision for pupils with social, emotional, and mental health needs.
2. Children Looked After (CLA) (£1.7m adverse variance)
The adverse variance in the High Needs Block contribution to the costs of placements for CLA is directly linked to the 17% increase in the number of relevant CLA during 2022/23 and the increase of 11% in the average High Needs Block placement contribution.
3. Mainstream Maintained Schools & Academies (£1.1m adverse variance)
Increases in the number and cost of new and extended Education, Health, and Care Plans (EHCPs) and related costed packages was not anticipated within the budget. The service continuously reviews such packages to limit the overspend.
4. Direct Payments (£0.3m adverse variance)
An increase in the number of Direct Payment recipients in the second half of 2021/22 was not incorporated into the budget for 2022/23 because it was assumed that the increase was temporary. This has not been the case and numbers have remained higher than expected throughout 2022/23.
5. Pupil Referral Units (£0.7m adverse variance)
The outturn reflects the lower than anticipated level of income received from schools which has resulted from a high number of exclusions and

corresponding reduction in the number of places available for recharge to schools.

The £0.5m favourable outturn variance in Early Years has arisen because the payments for hours provided for 3-4-year-olds has been significantly lower than budgeted. The Early Years final adjustment for 2022/23 will only be known in July 2023 when the annual reconciliation process is completed.

DSG - key risks, future issues, and opportunities

There has been a longstanding in-year deficit for the DSG High Needs Block. The size of the in-year deficit has reduced in absolute and relative terms in 2020/21 and 2021/22 – a trend that continued in 2022/23. However, the result of the ongoing cumulative overspend was an overall DSG deficit of £23.4m at the end of the 2022/23 financial year.

There have been two key programmes of work to address this challenge. The specialist capital programme has been a four-year programme of work, supported by investment from the Council, 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.

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 we worked with Newton Consulting 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 service has identified three key risks:

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

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). Increasing numbers of EHC plans is resulting in a gradual movement of children from mainstream settings into specialist settings, with demand for places exceeding the growth in specialist provision. There is further work to implement a £10.1m programme of capital investment, as well as a bid for another special free school to address the sufficiency challenge, in addition to improving interventions and support at an early stage to prevent the need for so many EHC plans.

2. 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 until September 2024. These issues result in SEMH needs being met by higher cost INMS providers.

3. Proposed removal of the statutory override for DSG deficits

In 2020, the Department for Levelling Up, Housing and Communities (DLUHC) introduced a statutory override that separated DSG deficits from local authorities' wider finances. This statutory override was due to conclude at the end of the 2022-23 financial year but has now been extended for a further three years and it is proposed that this will now cease at the end of the 2025-26 financial year.

4. Public Health

- 2022/23 net budget £1.3m, outturn favourable variance £0.2m, favourable movement £0.2m
- 2021/22 net budget £1.4m, no variance at outturn

Table 8: 2022/23 Public Health as at the end of March 2023 (Month 12)

Service Area	Current Budget £m	Full Year Projection £m	Month 12 Variance £m	A/(F)	Movement From Month 10	Direction From Month 10
Public Health Grant	21.9	21.9	0.0	-	0.0	→
S.C.C Budget	1.3	1.1	(0.2)	(F)	(0.2)	↑
Grant Income	(21.9)	(21.9)	0.0	-	0.0	→
Public Health Total	1.3	1.1	(0.2)	(F)	(0.2)	↑

Public Health - key explanations, actions, and mitigating controls

The Public Health budget finished the year on budget for the public health grant with a small underspend against the LA budget from within volunteering services.

There were £0.1m of MTFP savings to be achieved during 2022/23, which were all achieved.

Public Health - key risks, future issues, and opportunities

There are ongoing significant pressures on this budget due to contract and pay inflationary increases. 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.

There is a systemic underfunding of public health in Somerset. The Public Health Grant is significantly below the national average being 141st out of 152 local

authorities nationally. The grant would increase by £13.2m if it was funded in line with the average local authority in England.

5. Economic & Community Infrastructure

- 2022/23 net budget £75.0m, outturn favourable variance £3.7m, favourable movement £2.9m
- 2021/22 net budget £76.6m, outturn favourable variance £1.7m

Table 9: 2022/23 Economic & Community Infrastructure as at the end of March 2023 (Month 12)

Service Area	Current	Full Year	Month 12	Movement	Direction	
	Budget	Projection	Variance			A/(F)
	£m	£m	£m	From	From	
				Month 10	Month 10	
Economy & Planning	2.5	2.1	(0.4)	(F)	(0.4)	↑
Highways & Transport Commissioning	1.9	2.1	0.2	A	0.1	↓
Community Infrastructure Commissioning	1.2	0.9	(0.3)	(F)	(0.1)	↑
Civil Contingencies	(0.4)	(0.5)	(0.1)	(F)	(0.1)	↑
ECI Management	0.4	0.4	0.0	-	0.0	→
Transporting Somerset	9.3	9.1	(0.2)	(F)	0.0	→
Registration Service	(0.1)	(0.4)	(0.3)	(F)	(0.1)	↑
Library Service	4.4	3.8	(0.6)	(F)	(0.6)	↑
Infrastructure Programme Group	0.4	0.4	0.0	-	(0.1)	↑
Highway Operations	13.0	14.6	1.6	A	0.2	↓
Business Support	0.9	0.8	(0.1)	(F)	0.0	→
Heritage Service	1.6	1.6	0.0	-	0.0	→
Traffic Management	1.4	1.0	(0.4)	(F)	0.2	↓
Somerset Waste Partnership	31.9	29.0	(2.9)	(F)	(1.6)	↑
SCC Waste	0.1	0.0	(0.1)	(F)	(0.1)	↑
Strategic Property	6.4	6.3	(0.1)	(F)	(0.3)	↑
Commissioning Development	0.1	0.1	0.0	-	0.0	→
Economic & Community Infrastructure Total	75.0	71.3	(3.7)	(F)	(2.9)	↑

Economic & Community Infrastructure - key explanations, actions, and mitigating controls.

Economic & Community Infrastructure had a favourable variance of £3.7m at outturn, the main reasons for the underspend can be explained as per the below:

Recharging of staff time within Economy and Planning was higher than anticipated, allowing £0.3m of cost to be transferred to capital schemes for the Business Performance team. Throughout the year the Planning team had a number of staff

vacancies which accounted for an underspend of £0.1m. This gave the service a total favourable variance of £0.4m at outturn.

Reduced and postponed climate activities lead to an underspend of £0.3m with in Community Infrastructure, Commissioning and Commissioning development.

Staff vacancies and higher than anticipated income received with in Transporting Somerset meant that at outturn a favourable variance of £0.2m was recorded against the budget.

Registration Services have received more than anticipated income throughout the year, and this has provided a favourable variance of £0.3m at outturn.

The library service has a favourable variance of £0.6m at outturn. This is due to expenditure on stock, supplies and services being lower than anticipated throughout the year.

Traffic Management held a number of vacancies throughout 2022/23, this alongside higher than anticipated income in NRSWA provided a favourable variance of £0.4m at outturn.

It was anticipated that during 2022/23 the Recycle More projects would break even and achieve a part year saving. However, breakeven happened much earlier than anticipated and was achieved in 2021/22 which brought larger savings than anticipated, this provided an underspend of £1.3m at outturn. In addition to these savings a further £0.6m was achieved from 20% of materials income not being recognised in the accounts after it was agreed that a risk reserve in relation to fluctuating recycling income would be managed from the general reserve. Similarly, £1m risk contingency had been held due to a number of commercial risks. This has been released as the criteria for a formal reserve has not been met, though it is acknowledged by the s151 officer that the risks are ongoing and may materialise in 2023/24.

Highways reported an adverse variance of £1.6m at outturn. Additional costs within the service were due to a number of factors and can be explained as follows:

- Compensation events due to legislation changes - £0.3m additional costs
- Increase in energy costs - £0.3m additional cost.
- Increase in Safety Defects - £0.9m additional costs.
- Increase in Salt usage due to adverse weather - £0.3m additional costs.
- Emergency works undertaken due to adverse weather - £0.1m additional costs.

The above costs were offset slightly by the service holding vacancies across the service, receiving a rebate payment and higher than anticipated income. This provided a reduction in the overall overspend of £0.4m.

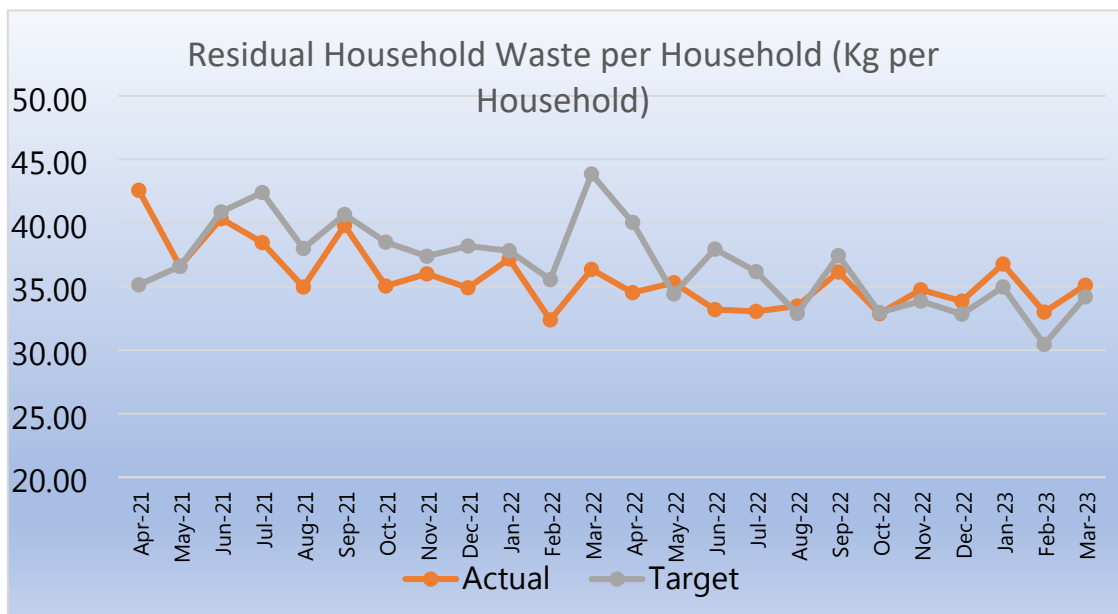
During 2022/23 Economic and Community infrastructure had MTFP savings totalling £1.2m. Most savings were achieved in year and pose no risk to the service. However, it is important to note that one of the savings was only achieved in part due to rental income not being as high as anticipated, a further saving was not achieved at all and was covered by the overall underspend within the service. This saving related to The Saltlands Energy Park, which is currently at risk. It is possible that this saving will no longer be achievable in future years.

Economic & Community Infrastructure - key performance cost drivers

Waste

The graph below shows residual household waste (kg per household), with the target trend calculated using a formula based on the results for the previous year. With all Districts now on Recycle More 3-weekly refuse collections, the positive results can be seen, with residual waste continuing to fall.

Although, as the target is linked to historical performance, we are now beginning to see actuals mirroring the target.



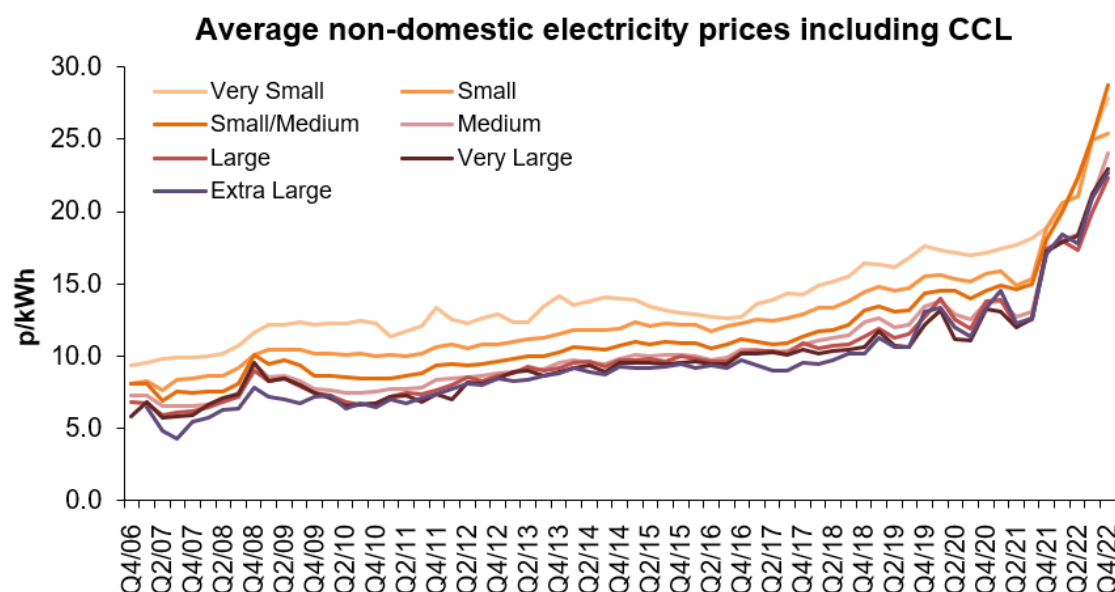
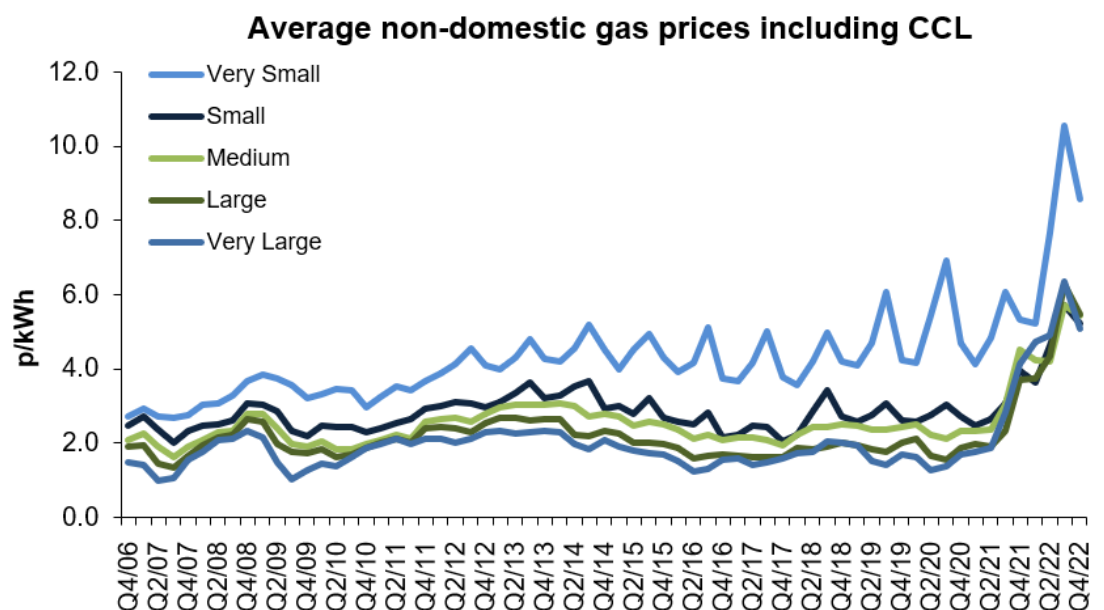
Energy

Energy for the Council is procured centrally, and costs are recharged to services to allow each service to manage usage appropriately. Energy is purchased in advance of

delivery over several tranches and volumes are aggregated with other public sector consumers. This approach provides best value and mitigates risk in a volatile market.

The graphs below have been taken from a report published by Department for Business, Energy, and Industrial Strategy (BEIS) which shows the continuing increase of gas and electricity costs purchased by non-domestic consumers in the UK. The source information can be found via the link below.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1146323/quarterly-energy-prices-march-2023.pdf



Graph data can be found via the following link:

Economic & Community Infrastructure - key risks, future issues, and opportunities

Due to the current economic climate, there are several key risks and future issues that need to be taken into consideration.

- **Energy Costs** continue to rise, and with another increase anticipated due to a further increase to the price cap it is possible that the current projected spend will increase further. It is important to note that some services are currently projecting to be able to absorb the energy increases however this is reliant on other external factors beyond the control of the service. External contractors have also raised concerns with regards to the pressures this is causing on them and the impact it may have on scheme delivery.
- **Fuel costs** - it is currently difficult to forecast increases in spend on fuel due to the continuing fluctuation in fuel costs. This is having an impact on internal and external transport operators. At present Transporting Somerset is supporting operators with a minor increase to contract payments, however, as increases in fuel continues this may not be enough to stop operators handing back contracts as they are no longer financially viable.
- **Scheme delivery** is also impacted by the cost and supply issue of raw materials. Costs are increasing significantly, with a recent article in CIPFA's Public Finance suggesting increases of 89% for sawn wood, 73% for structural steel, 21% plastic doors and windows, and 18% for paint over the last year. Economic and Community Infrastructure will aim to absorb this increase within existing budgets, however it may be viable to delay projects or non-statutory services to be able to do this.
- **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.
- **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.** Staff vacancies and difficulties in recruitment across ECI continue to impact on the ability to deliver services.
- **Winter Pressures.** With the colder weather Highways Operations have seen an increased demand for services. With the icy conditions there has been a need to continue to grit both primary and secondary routes up to three times a day. The weather has also had an impact on road surfaces which has meant that an increase in safety defects to investigate and repair potholes. If the wintry weather continues it is possible that Highways services will see further increases in expenditure due to trying to maintain a usable road network.
- **Flooding.** As well as the wintry weather the county has experienced a significant amount of rain fall over the last month leading to flooding across the levels. This has meant that services have helped with emergency planning and traffic management – for example road closures and diversion routes. Although water levels are starting to fall it is important to note that the levels are saturated with water, and it is possible that flooding will return with any further rain fall.

Economic & Community Infrastructure continued to work within budget constraints to provide services effectively. Work will continue across the service areas to look at new ways of working and plans revised to ensure a balanced budget is achieved in 2023/24.

6. Customers, Digital & Workforce

- 2022/23 net budget £17.7m, outturn favourable variance £0.4m, favourable movement £0.1m
- 2021/22 net Budget £16.7m, outturn favourable variance £0.2m

Table 10: 2022/23 Customers, Digital & Workforce as at the end of March 2023 (Month 12)

Service Area	Current	Full Year	Month 12	A/(F)	Movement	Direction
	Budget	Projection	Variance		From	From
	£m	£m	£m		Month 10	Month 10
Communications	0.5	0.4	(0.1)	(F)	0.0	→
Customers & Communities	3.7	3.7	0.0	-	0.0	→
ICT	8.8	8.8	0.0	-	0.0	→
Transformation & Change	1.6	1.4	(0.2)	(F)	0.0	→
Human Resources	3.1	3.0	(0.1)	(F)	(0.1)	↑
Customers, Digital & Workforce Total	17.7	17.3	(0.4)	(F)	(0.1)	↑

Customers, Digital & Workforce - Revenue Summary - Key explanations, actions, and mitigating controls

Customers, Digital & Workforce have a favourable variance of £0.4m at outturn.

The favourable variance can be broken down as follows:

- Communications - £0.1m
- Transformation & Change - £0.2m
- Human Resources - £0.1m

These favourable variances are due to staffing underspends.

MTFP savings assigned to Customers, Digital and Workforce 2022/23 have been mostly achieved. However, the saving against HRAP for income generation has only been achieved in part due to pressure on new business, caused by academy conversions, competition, and focus from senior staff on Local Government Reorganisation.

Customers, Digital & Workforce - key risks, future issues, and opportunities

There is a key risk around the recruitment of some specialist roles due to higher salaries paid elsewhere. This may lead to some interim staff recruited at a higher cost.

A number of academies are moving to multi academy trust status which could have a negative impact on the income received for payroll services.

There is a potential pressure within Communications in future years regards the funding of the then Head of Communications position.

7. Finance & Governance

- 2022/23 net budget £14.4m, outturn favourable variance £0.1m, no movement
- 2021/22 net Budget £9.8m, no variance at outturn

**Table 11: 2022/23 Finance and Governance as at the end of March 2023
(Month 12)**

Service Area	Current	Full Year	Month 12	A/(F)	Movement	Direction
	Budget	Projection	Variance		From	From
	£m	£m	£m		Month 10	Month 10
Democratic Services	4.0	3.8	(0.2)	(F)	(0.1)	↑
Legal Services	5.4	5.5	0.1	A	0.1	↓
Finance	3.6	3.6	0.0	-	0.0	→
Commercial and Procurement	1.4	1.4	0.0	-	0.0	→
Finance and Governance Total	14.4	14.3	(0.1)	(F)	(0.0)	→

Finance & Governance revenue summary - key explanations, actions, and mitigating controls

Finance and Governance are reporting a favourable position of £0.1m at outturn. This has been achieved due to the following:

Democratic Services reported a favourable position of £0.2m at outturn due to a reduction in staff costs.

The underspend within Democratic Services has been offset by an overspend within the Legal Services budget of £0.1m. This service has been under pressure all year with additional allocations of funding being agreed to cover the increased staffing costs.

Within 2022/23 Finance and Governance had £0.1m worth of MTFP savings attributed to the budget. All of the savings have been achieved in year.

Finance & Governance key risks, future issues, and opportunities

Capacity across all areas is currently stretched and LGR will further impact on this going forward.

The increased service demands and recruitment issues within Legal Services supporting Children’s Services is a significant risk and actions are being taken to try and recruit staff to help address this, but this is a common pattern across local government.

8. Accountable Bodies

- 2022/23 net budget £4.5m, no variance at outturn, no movement
- 2021/22 net budget £7.4m, no variance at outturn

Table 12: 2022/23 Accountable Bodies as at the end of March 2023 (Month 12)

Service Area	Current Budget £m	Full Year Projection £m	Month 12 Variance £m	A/(F)	Movement From Month 10	Direction From Month 10
Somerset Rivers Authority	2.6	2.6	0.0	-	0.0	⇒
Local Enterprise Partnership	1.1	1.1	0.0	-	0.0	⇒
Connecting Devon & Somerset	0.8	0.8	0.0	-	0.0	⇒
Accountable Bodies Total	4.5	4.5	0.0	-	0.0	⇒

Accountable Bodies - key explanations, actions, and mitigating controls

Somerset Rivers Authority (SRA) spend at the end of 2022/23 totalled £5.5m, this resulted in a draw on reserves for the value of £2.9m to balance the budget.

The Heart of the Southwest Local Enterprise Partnership had an underspend of £1.5m at outturn, the underspend has been transferred back to the reserve.

Connecting Devon & Somerset (CDS) achieved an underspend of £0.3m at outturn. The underspend of £0.3m has been transferred to reserves. A review of budgets and works within CDS has avoided the need to make an additional funding request through the MTFP process for 2023/24. Due to movement in project timelines, the expenditure savings that have been made and transferred to the reserve will be realised at a later date than originally planned.

Accountable Bodies - key risks, future issues, and opportunities

Somerset Council (SC) acts as the accountable body for the Heart of the Southwest Local Enterprise Partnership (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 SC works closely with the LEP core team and the services SC provides are specified and resourced via a service level agreement between the LEP and SC.

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 SC’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 are planned this summer with the likely outcome of LEP integration into local authorities including SC. Somerset Council is working with the LEP and partner Local Authorities to seek advice about the treatment of LEP assets remaining at this point.

9. Corporate Costs

- 2022/23 net budget £0.2m, outturn favourable variance £5.1m, favourable movement £1.7m
- 2021/22 net budget (£5.2m), outturn favourable variance £2.6m

Table 13: 2022/23 Corporate Costs as at the end of March 2023 (Month 12)

Service Area	Current Budget	Full Year Projection	Month 12 Variance	A/(F)	Movement From Month 10	Direction From Month 10
Local Government Reform	6.9	6.9	0.0	-	0.0	⇒
Contributions	0.9	0.9	0.0	-	0.0	⇒
Corporate Costs	9.8	8.9	(0.9)	(F)	(0.3)	↑
Financing Transactions	18.5	14.6	(3.9)	(F)	(1.4)	↑
Special Grants	(35.9)	(36.2)	(0.3)	(F)	0.0	⇒
Corporate Costs Total	0.2	(4.9)	(5.1)	(F)	(1.7)	↑

Corporate Costs - key explanations, actions, and mitigating controls.

Corporate Costs

The outturn favourable variance of £0.9m mostly relates to the Resilience for Business-as-Usual (BAU) budget which was available to ensure business continuity is

maintained whilst delivering LGR and the implementation of the new Business Support System. After various allocations of this budget to other services throughout the year, there is a residual balance of £0.6m at outturn.

The forecast also includes the following favourable variances:

A favourable variance of £0.1m within the Discontinued Services budget, due to reduced costs within the Teachers Pensions element of the Discontinued Services budget.

A favourable variance of £0.1m within the Audit Fee budget due to scale fee increases, new issues and fee variations estimates, plus the year-end substantiation of the Redmond Review Audit Grant sum.

A favourable variance of £0.2m within the Corporate Democratic Core/Non-Distributed Costs budget (CDC/NDC) due to historic unallocated income that cannot be attributed to a service and has therefore been coded to the CDC/NDC budget.

These favourable variances have been offset by a £0.1m adverse variance which relates to a redundancy, including pensions strain costs, attributable to the Central Redundancies budget.

Financing Transactions

The favourable variance of £3.9m for Financing Transactions relates to an increase in income from strategic and extended deposit investments, with interest rates achieved higher than budgeted and funds invested remaining higher than anticipated. An element of this also relates to an underspend against interest on debt charges for new external borrowing.

Special Grants

The favourable variance of £0.3m for Special Grants is due to receiving more of the Extended Right to Free Travel grant than originally budgeted. This is because the grant determination was received after the budget setting process.

Corporate Costs - key risks, future issues, and opportunities

A key risk is the ability to accurately forecast interest rates. The newly announced base rate increase to 4.5% will be incorporated in the forecasting for the 2024-25 budget.

The opportunity to this budget is maximising returns through strategic investments.

10. Trading Units

Trading units are required to set a net nil budget with full costs offset by income generated.

Table 14: 2022/23 Trading Units as at the end of March 2023 (Month 12)

Service Area	Current Budget £m	Full Year Projection £m	Month 12 Variance £m	A/(F)	Movement From Month 10	Direction From Month 10
Dillington	0.0	0.0	0.0	-	(0.2)	↑
Support Services for Education	0.0	0.0	0.0	-	0.0	→
Trading Units Total	0.0	0.0	0.0	-	(0.2)	↑

Trading Units - key explanations, actions, and mitigating controls

Trading units are required to set a net nil budget with full costs offset by income generated. Any over/underspends at year-end will be transferred to the services reserve. The pandemic has negatively impacted both services this year. Where possible these impacts have been mitigated by reducing costs, using the Government's furlough scheme, and utilising the available Government grants.

Support Services for Education

Support Services for Education (SSE) finished the year with an £0.6m adverse variance at outturn.

The adverse variance has been caused by a shortfall in traded income across several services, as well as the impact of inflation. Work is underway to mitigate these issues for 2023/24. The £0.6m adverse variance will be offset against the SSE trading reserve.

Dillington

Dillington House's deficit for the year was of £0.692m, of which £0.170m was due to costs relating to the closure of Dillington in 2023/24.

The operating deficit of £0.522m was due to operating costs continuing to increase, particularly food, drink, and utility bills. Salary costs have also increased significantly, with the 2022/23 pay award exceeding what was budgeted. Market rates across the hospitality sector have significantly increased since the pandemic and Dillington’s staff costs have had to increase to ensure we can recruit and retain staff needed to carry out weddings, adult education courses and conferences.

Income levels across some activity areas were lower than forecast for the first six months, due to the ongoing impact from Covid and financial pressures on customers. We experienced some recovery for a few months but have now experienced the impact from the cost-of-living increases.

11. Core Revenue Funding

- 2022/23 net budget (£370.4m) outturn favourable variance £0.9m, adverse movement £0.1m
- 2021/22 net budget (£332.5m) no variance at outturn

Table 15: 2022/23 Core Revenue Funding as at the end of March 2023 (Month 12)

Service Area	Original Budget £m	Current Budget £m	Full Year Projection £m	Month 12 Variance £m	A/(F)	Movement From Month 10	Direction From Month 10
Council Tax	(279.9)	(279.9)	(279.9)	0.0	-	0.0	→
Business Rates	(84.1)	(84.1)	(85.0)	(0.9)	(F)	0.1	↓
Revenue Support Grant	(6.4)	(6.4)	(6.4)	0.0	-	0.0	→
Core Revenue Funding Total	(370.4)	(370.4)	(371.3)	(0.9)	(F)	0.1	↓

Core Revenue Funding - key explanations, actions, and mitigating controls

The outturn favourable variance of £0.9m against business rates relates to an additional financial benefit of being in the business rates pool for 2022/23.

9. Contingencies

- 2022/23 allocation of £6m, approved use of £3.2m utilised, leaving £2.8m unallocated at outturn.

- 2021/22 allocation of £16.8m, approved use of £13.2m utilised, leaving £3.6m unallocated at outturn (this includes contingency funding relating to Covid-19).

Table 16: 2022/23 Contingencies as at the end of March 2023 (Month 12)

Service Area	Original Budget £m	Contingency movements £m	Current Budget £m	Full Year Projection £m	Month 12 Variance £m	A/(F)	Movement From Month 10	Direction From Month 10
Corporate Contingency	6.0	(3.2)	2.8	0.0	(2.8)	(F)	0.5	↓
Contingencies Total	6.0	(3.2)	2.8	0.0	(2.8)	(F)	0.5	↓

Contingencies – key explanations, actions, and mitigating controls

When setting the 2022/23 budget, it was clear that there were significant uncertainties and to mitigate against this a Corporate Contingency budget of £6m was approved. The 2022/23 budget assumed a pay award of 2.5% but the final agreed offer of £1,925 is the equivalent to a 5.5% increase. The forecast also includes the announcement for the reversal of the Social Care National Insurance percentage. The uncommitted contingency balance at outturn is £2.8m.

Table 17: Allocation of Contingency during 2022/23

Corporate Contingencies 2022/23	£m
Original Budget	6.0
2022/23 Pay Award	(3.2)
Remaining Balance	2.8

10. 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.

Somerset County Council further broke down earmarked reserves:

- Resilience reserves are held to mitigate against future known or predicted liabilities and resilience.

- Other earmarked reserves are held for specific purposes. This may be purposes agreed by the Council or grants which have no return conditions and where expenditure has yet to take place.
- Funds held by other bodies do not have SCC as the lead decision making. An example of this reserve are funds held by the Somerset Rivers Authority.

Table 18: Reserves Position

Reserve Balance	General Fund Reserves £m	Earmarked Resilience Reserves £m	Other Earmarked Reserves £m	Total Reserves Held by SCC £m	Funds Held by Other Bodies £m
Balance as at 01/04/2022	(27.1)	(34.6)	(58.8)	(120.5)	(86.3)
Additional Movements Approved In-year	0.0	12.6	(1.7)	10.9	(44.9)
Balance as at 31/03/2023	(27.1)	(22.0)	(60.5)	(109.6)	(131.2)
Draw from Reserves to Fund Overspend	23.4	0.0	0.0	23.4	0.0
Balance as at 01/04/2023	(3.7)	(22.0)	(60.5)	(86.2)	(131.2)

The final outturn overspend of £23.4m is recommended to be allocated to the General Fund Reserve and the service carry forwards totalling £0.5m has been contributed to other earmarked reserves to be drawn down for use in 2022/23.

If Members approve the contribution approved legacy General Fund Reserves to be carried forward to Somerset Council will be £3.7m for 2023/24. This level of General Fund Reserves is well below the recommended amount and will increase when the district balances are transferred to Somerset Council.

A summary of the overall position has been outlined in the overview report. The position of all Earmarked Reserves is outlined in Appendix 6.

11. Capital Outturn Position

Services have provided forecasts for their overall programmes, as well as the actual outturn position for 2022/23. These can be found in **Table 19** below.

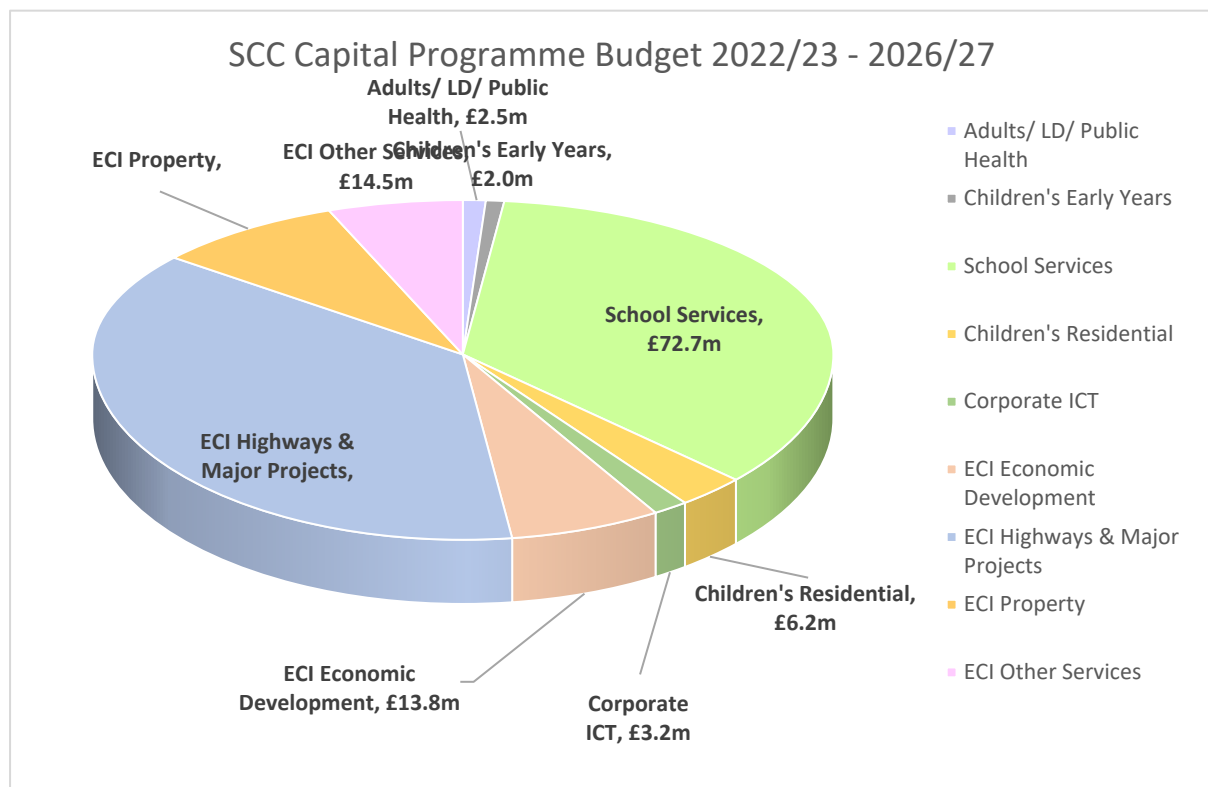
Initial forecasts suggested that £174.1m would be spent in 2022/23 across the SCC programme and Accountable Bodies. The actual expenditure for the year was £111.2m. This is £62.9m less than originally budgeted (£40.3m less within the SCC programme and £22.6m less within the Accountable Bodies).

It is also £31.4m less than the reported position at month 9. The majority of this is due to slippage in the forecasts, details of which can be found further down in the report.

Overall, the capital programme remains within budget, with a projected underspend of £2.2m over the life of the current programme.

The below chart provides an overview of the current SCC capital programme budgets by service area, totalling £209.7m.

Capital Programme Budgets by Service Area



**Table 19: Capital Programme Forecasts and Projected 2022/23 Outturn
Position**

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)

Capital Programme – key explanations, actions & mitigating controls

The following narrative has been provided to explain any variances within the 2022/23 budget position. It also details any opportunities that have arisen and will highlight achievements, such as completed schemes, as we progress through the year.

Adult Social Care

Originally forecast for no spend during 2022/23, £0.116m expenditure has been incurred following the early progression of one project within the Adult's Residential Placements programme.

Children's Residential

Two new Homes for Children were purchased and refurbished as part of the ongoing children's residential programme.

Schools Services

Start on the site of the new Orchard Grove Primary School has been delayed due to the requirement for the developer to drop overhead power cables before construction starts on the school. This has led to £2.1m of expenditure slipping back to 2023/24.

As well as the delay in construction, the project has also been hit by the global price increases in materials, utilities, and labour resulting in a significant increase in costs. The original budget set for this project was £10.5m. However, the latest tender packages have estimated a budget of £12.3m will be required. Officers have explored options to mitigate this, including a redesign to a standard build without the Passivhaus elements. This, however, was deemed unlikely as it would also lead to increased costs through redesign as well as a revenue burden through abandoned design costs. Following consultation with the various lead members, the section 151 officer, and other directors, the following recommendation has been put forward.

Recommendation (2c) is for members to approve the budget uplift for Orchard Grove Primary School by £1.8m, taking it from £10.5m to £12.3m. This will be funded as follows:

- £1.200m from the 2022/23 DfE Basic Need grant that forms part of the overall Schools programme but has yet to be allocated to individual projects.
- £0.600m from the Schools Basic Need programme contingency budget.

Several projects have been completed this year, a list of which can be found below:

- Robert Blake College, Bridgwater – expansion to accommodate 300 additional places.
- Sky College, Taunton – 6 class expansion.
- Hazelbrook School, Taunton – new Hydrotherapy Pool.

Also, the refurbishment of the following schools within the Crewkerne and Ilminster transition to two tier schools:

- Wadham School
- Ashlands Primary School
- Herne View, Ilminster (formerly Swanmead School)
- Maiden Beech School

Early Years

Final costs for part of the Early Years condition programme have now been confirmed, resulting in an underspend of £0.8m. These funds are currently surplus to requirements. An action was taken at the last Learning Infrastructure Board meeting to assess potential options for this funding from, repurposing it to other projects to possibly handing it back.

Highways and Traffic Management

The Bridge Structures team are forecasting slippage of £1.5m into next year. This is due to a large and complex programme, including three major projects. Additional staffing resource has been recruited to help mitigate this.

The Traffic Signals Recovery Programme is a complex programme of individual projects across Somerset. The start dates of some schemes have changed since the last report, resulting in slippage of £0.4m into 2023/24. Several projects have been completed so far this year. These include:

- Chestnut Drive, Taunton
- South Road/ Calway Road, Taunton
- Ilchester Road, Sherbourne Road and Lyde Road (Lidl), Yeovil
- Lysander Road/ Pine Tree Avenue, Yeovil
- Mountery Road/ Milton Hill, Wells

Highway Lighting are reporting an overspend of £0.2m on their capital programme. Funding for this has been found within the overall Highway capital approvals, with Road Structures currently forecasting a £0.2m underspend.

Integrated Transport and Small Improvements Schemes

It is anticipated that Safety schemes within the Small Improvements programme will not commence until the end of this financial year, with the bulk of works to be carried out in 2023/24.

Two schemes are currently reporting a projected overspend.

The Minehead to Carhampton cycleway has seen the programme lengthened to accommodate a revised Traffic management plan in reaction to local concerns around traffic delays. This will lead to an increase in costs, although it is hoped that some savings in the construction methodology can be realised too. Additional Active Travel funding has been allocated to the scheme to cover the initial shortfall. The current shortfall is estimated to be around £0.150m.

The Active Travel scheme at Bretenoux Road, Glastonbury is nearing completion. However, the outturn costs will exceed the available Active Travel budget by an estimated £0.2m. This is due to additional works being required because of the condition of the existing carriageway.

The service is actively looking at the options available to them to fund these overspends.

Major Highway Engineering Projects

The M5 Junction 25 Improvement project has been completed. However, some post construction costs remain which will filter into the next financial year.

The Toneway Corridor Improvements scheme is due for completion in Autumn 2022. Although some of the post construction costs are likely to slip into 2023/24.

The A38 Chelston Link project, which aims to replace the old concrete road between the M5 and Chelston Roundabout, is due to commence later this year. The majority of the works are programmed for 2023/24, which has resulted in slippage of £5.1m from the original forecast.

Property Services

The Saltlands Solar Park has seen a shift in the forecast of £3.1m from 2022/23 into 2023/24 due to delays caused by commercial negotiations and applications for grid connections. As a result of this, the window for construction has slipped to Spring/Summer 2023. Although, this is subject to further review.

Due to delays experienced within the B Block Decarbonisation programme, additional works to the ground floor of B Block, County Hall have been delayed until next year. This has resulted in slippage of £0.1m from 2022/23 into 2023/24.

The scheme to deliver a new transport depot at Somerton (which will replace two existing depots in Yeovil and Glastonbury) was delayed during 2022 because the market response to the initial tender exercise did not deliver best value. The depot will be completed in the early part of 2023/24, resulting in slippage of £0.339m into 2023/24.

Delivery of condition programme works has been delayed by inadequate officer capacity; the former SCC property team has been actively recruiting to fill a vacancy in the corporate building surveying team, but during 2022/23 was unable to attract suitably experienced candidates in a very competitive labour market, resulting in slippage of £0.200m.

The Outdoor Education Centre Condition Programme has been amalgamated into a larger scheme which is still in development, compounded by the resourcing issues outlined above. This means £0.120m of expenditure has slipped into 2023/24.

Several Property Services led projects have been completed in year. A list of examples can be found below.

- Minehead Library major refurbishment and energy efficiency improvement projects (£0.850m).
- Taunton Library and County Hall B Block decarbonisation projects (£7.500m).
- Estate Decarbonisation projects – several decarbonisation projects have been completed in year. Works included replacing gas heating with Air Source Heat Pumps, installation of PV Solar Panels, LED Lighting, better insulation, and new windows (£1.932m).
- Wookey Primary School condition works and decarbonisation projects (£0.434m).

Fleet Management

Following the delays to the procurement of new vehicles as part of the 2021/22 programme, the 2022/23 programme has suffered from similar issues. This has resulted in slippage of £3.4m from the original forecast. The 2022/23 programme also includes the purchase of electric vehicles and their associated infrastructure, which will take longer to plan and implement.

Somerset Waste Partnership

Depot improvement works at Bridgwater and Williton have been undertaken this year, resulting in £1m of expenditure. Once completed, the programme will be reviewed, and any remaining budget is likely to be offered back.

Capital Programme - key risks, future issues & opportunities

Forecasting capital programme expenditure can be difficult, with reliance on contractor activity, impact from adverse weather and capacity within the Council's providers to design and support the programme. The detail within the programme is fully developed as individual projects are finalised and specifically programmed from the generic programmes. It is at this stage that a more accurate estimate of the profile and timing of expenditure is made.

There are two key risks to the capital programme. Firstly, a shortage of materials within the construction industry (cement, steel, timber, etc.) which, not only has an impact on timescales for projects, but also has the potential to increase costs. Secondly, the rise in inflation brought on by the demand for materials along with current economic conditions.

Projects currently underway all have contingency built into their budgets to deal with unforeseen costs, but the Council needs to carefully look at projects currently being commissioned to ensure they remain affordable and can be delivered on time.

The financial regulations for the new Somerset Council have been updated to take account of the continuing issues capital projects face with escalating costs and use of contingency budgets. The key points are listed below for reference:

- Council will approve a central contingency sum that is to be set aside to reflect the overall risk from capital projects it has approved.
- Contingency sums included within capital schemes must request the approval of the Service Director – Finance and Procurement (or nominated officer) before being utilised. These will be reported as part of the regular budget monitoring process to the Executive Committee.

Changes to the Capital Programme Approvals in Quarter Four

Recommendation (2c) is for members to approve the addition of funding to the capital programme approvals since quarter three:

- £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.

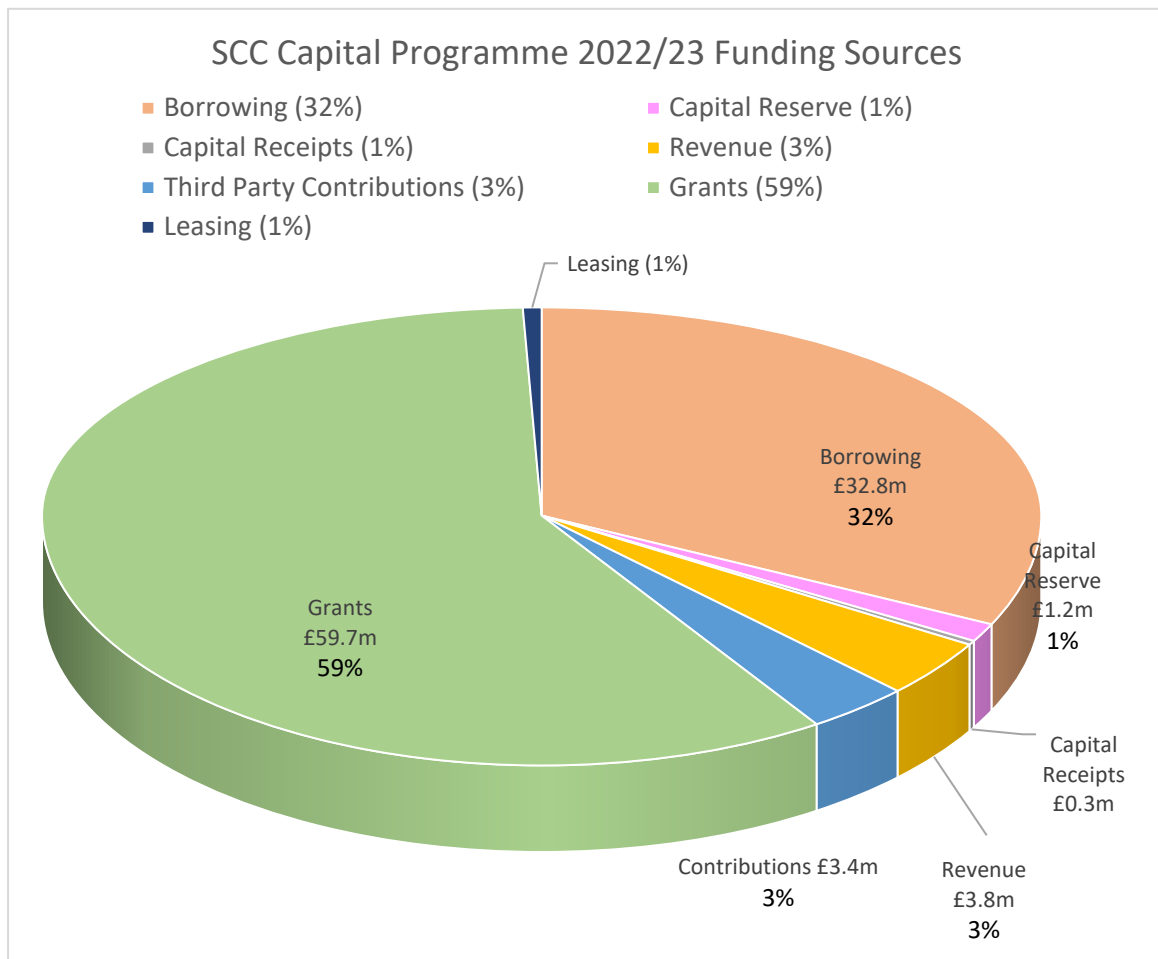
Several virements (budget transfers) have also been processed in the quarter. Virements are the movement of approvals between budget lines. Virements are examined to identify their purpose; they do not require formal ratification by members as they are classed as technical changes. Virements are undertaken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

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

Capital Programme – Funding Sources

The capital programme is funded by a variety of sources. Where possible external funds, such as grants and contributions, are utilised to limit any additional revenue costs as result of borrowing requirements to complete the programme. The chart below details the funding sources for the 2022/23 capital expenditure.

SCC Capital Programme Funding sources for 2022/23 Expenditure



Borrowing for the Capital Programme

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.

Within the £32.8m of borrowing required to fund the 2022/23 programmed expenditure, £32.3m of this will be internal borrowing and the remaining £0.5m relates to historic borrowing that has already been taken.

Prudential Borrowing Indicators for 2022-23

The Prudential Borrowing Indicators are published and agreed by the Council as part of the annual Capital Strategy report.

The Prudential Borrowing Code of Practice requires that the actual outturn figures should be reported for the following indicators:

- Capital expenditure for 2022-23 is £111.2m (2021-22 was £109.5m).
- Capital Financing Requirement as of 31 March 2023 is £498.6m (31 March 2022 was £471.8m).

Reserve	Balance as at		
	01/04/2022 2	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)
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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 Multi user 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 x 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.

	Balance at 31 March 2022	Transfer In 2022/23	Transfer Out 2022/23	Balance at 31 March 2023
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

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)

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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		Original Budget	Revised Budget	Actual Spend	Variation
2021/2		2022/2	2022/2	2022/2	
2		3	3 at 31st March	3	
£'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
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 and 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 Bridgater 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 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.

- 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; off set 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)

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General Fund	Original Budget 2022/2 3	Revised Budget 2022/2 3	Actual Spend 2022/2 3	Variatio n £'000
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 Bridgater 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, communitiess & 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, Burnahm	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 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)

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 B**). 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%
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 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.	-23	-30	-53
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>	-278	-141	-419

Department Notes	Q3 Variance £000	Movement £000	Outturn Variance £000
<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> <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 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.</p>	38	-70	-32
<p>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.</p>	-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
<p>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.</p> <p>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.</p> <p>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.</p>	332	-109	223
<p>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.</p>	-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 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.	134	-20	114
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	-176	26	-150

anticipated, receiving the balance of the test and trace scheme administration grant and an underspend on the fraud contract.			
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 and Housing Revenue Account (HRA) has been completed, to ensure this reflects the up-to-date	380	0	380

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
Interest Payable and Investment Income: Net interest payable of £258k and CIP interest of £71k.			
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	4	-334	-330

<p>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 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 variance are offset elsewhere within the accounts for (a) £28k write off against the Tangier</p>	0	569	569

aborted scheme (offset in services), and (b) £890k capital finance (offset in earmarked reserves above).			
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).			
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.	0	-1,273	-1,273
Other:	1	38	39
Total	-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. Of this there were four individual customers where individual debts greater than £25,000 were written off (please see confidential **Appendix C**).
- 6.3 The table also provides the corresponding figures for the previous financial year (2021/22) for comparison.
- 6.4 Whilst the amount written of is a high number, we do make an Expected Credit Loss provision within each years 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 A** 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

	Info: Budgeted Transfers £000	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 Licensing and Land Charges services perform in the financial year. These services set fees and charges based on estimated reasonable costs and aim to break even each year. However, due to fluctuations in demand and costs the services may report an under- or over-recovery in any one year and the Council therefore transfers any surplus/deficit to a self-financing reserve.

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 **Licensing:** 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 Licensing:** 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: Licensing and Land Charges Self-Financing Reserves

	Balance Brought Forward £	Net Reserve Transfers £	Balance Carried Forward £
Land Charges	-124,284	-36,905	-161,189
Licensing	8,905	-11,574	-2,669
Taxi-Licensing	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 basket ball 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 - installtion 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 B). 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 B**). 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.

List of Appendices

Appendix A	GF Summary of Movement in Earmarked Reserves
Appendix B	GF Capital Outturn Position 2022/23
Appendix C	CONFIDENTIAL - Write Offs Over £25k

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Appendix A: Summary of Movement in Earmarked Reserves

	Opening Balance 1 April 2022	Transfer In	Transfer Out	Closing Balance 31 March 2023
	£'000	£'000	£'000	£'000
Investment Risk	3,151	1,003	-114	4,040
Business Rates Volatility	5,353	1,398	-3,227	3,524
Capital Funding	1,413	1,172	-814	1,771
Business Rates Losses S31 Grant	2,499	0	-1,602	897
Investment Financing Fund	2,000	0	-2,000	0
Business Rates Holiday S31 Grant	5,811	0	-5,811	0
Sub-Total Risk Reserves	20,227	3,205	-13,568	10,232
Investment Assets Sinking Fund	500	200	0	700
Garden Town Fund	979	101	-413	667
SWP 22-23 Y-End Balance	0	492	0	492
Community Housing Fund	497	8	-47	458
Heritage at Risk	166	426	-157	435
Rough Sleepers Initiative	3	265	-17	251
Unitary	0	216	0	216
Asset Management	519	0	-304	215
Self-Insurance Fund	200	0	0	200
Land Charges Rolling Fund	124	37	0	161
Economic Development Initiatives	642	0	-486	156
Phosphates Management	0	135	0	135
Steam Coast Trail	118	40	-24	134
Local Plan Development	126	0	0	126
Cyber Security Fund	0	100	0	100
Blue Anchor Commuted Sum 60 yr Covenant	94	0	0	94
Council Tax Hardship Fund	84	0	0	84
Flood Project - EA	0	144	-61	83
Coal Orchard Warranty	0	185	-112	73
Employment Hub	70	0	0	70
Taunton Town Council	0	68	0	68
Domestic Abuse	32	32	0	64
Changing Places	0	64	0	64
Neighbourhood Plan	68	20	-26	62

Housing Enabling Fund	50	33	-30	53
Planning Service	50	0	0	50
Countywide EVCP Project	0	42	0	42
Flood Project – SRA	0	200	-165	35
Garden Town Infrastructure	0	333	-300	33
Election Costs	33	0	0	33
S106 National Grid	37	1	-8	30
Hurlestone Bothy	25	0	0	25
Biodiversity Net Gain	0	24	0	24
Minehead Shelters Maintenance	0	17	0	17
Taunton Cycle Parking	0	16	0	16
Climate Change	19	3	-8	14
LGR Outplacement	0	13	0	13
Delivery Project Officer	13	0	0	13
Norton Hill Fort	9	0	0	9
Somerset West Lottery	15	0	-7	8
Licensing Rolling Fund	-9	12	0	3
West Somerset Opportunity Area	35	0	-35	0
General Carry Forwards	2,075	0	-2,075	0
Homeless Grant	120	0	-120	0
Homelessness Prevention	564	0	-564	0
New Homes Bonus	171	0	-171	0
Travel Plan Initiatives	50	0	-50	0
Waste Service Costs	66	0	-66	0
Preventing Repossessions Fund	26	0	-26	0
Transformation/Internal Change	141	0	-141	0
Enterprising Minehead	1	0	-1	0
S31 Council Tax TIG	34	0	-34	0
Admin Test and Trace	39	0	-39	0
Community Resilience	11	0	-11	0
Heat Mapping	0	27	-27	0
Taxi Licensing Rolling Fund	-34	17	0	-17
Sub-Total Other Reserves	7,763	3,271	-5,525	5,509
Total	27,990	6,476	-19,093	15,741

Appendix B: Capital Outturn Position 2022/23

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

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Appendix C: Write Offs over £25k during 2022/23

Company	Type of Debt	Year(s)	Reason	Amount
Shadhin Ltd T/A Royal Taste	Business Rates	2018, 2019 & 2021	Recovery actions including use of Enforcement Agents proved unsuccessful. The company is no longer in occupation of the premises and despite extensive enquires we cannot trace the company.	£36,021.02
Rutherford Infrastructure Ltd	Business Rates	2021 & 2022	Company went into liquidation, claim submitted to Official Receiver any dividend received will be written back.	£38,033.30
Craft Nine Ltd	Business Rates	2019 & 2020	Company dissolved no entity therefore no further recovery action possible	£28,739.80
West Somerset Motor Sport Ltd	Business Rates	2018, 2019 & 2021	Company went into liquidation, claim submitted to Liquidators any dividend received will be written back.	£29,919.23

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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

5

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 not 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 £xm 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 x..

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 Three	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, Milbor	5
- George Reynolds Centre Crewker	3
- Jarman Way, Chard - Play Area Equipment	6
- Keinton Mandeville Village Hal	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	Q3 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 were completed in 2022/23 as follows:

Insert table with completed projects – budget position and outturn

The underspends from these projects totalling £x will be removed from the capital programme

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 within the covering report.

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South Somerset District Council - Reserves Outturn 2022/23

	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
Capital Fund	(929)	(140)	918	(152)
Cremator Replacement Reserve	(549)	0	0	(549)
Internal Borrowing Repayments	(321)	(100)	420	(1)
Elections Reserve	(214)	(40)	0	(254)
Sports Facilities Reserve	(51)	0	41	(10)
Yeovil Athletics Track Repairs	(198)	(25)	7	(216)
Planning Delivery Reserve	(16)	0	16	(0)
Bristol to Weymouth Rail Reserve	(72)	0	72	0
Yeovil Refresh Reserve	(112)	0	112	0
IT Replacement Reserve	(10)	0	0	(10)
Insurance Fund	(50)	0	50	0
Transformation Fund	(91)	0	91	0
Treasury Management Reserve	(750)	0	0	(750)
Revenue Grant Reserve	(525)	(16)	142	(399)
MTFP Support Fund	(4,879)	(4,580)	596	(8,863)
CTAX/Housing Benefits Reserve	(1,291)	(118)	168	(1,241)
Closed Churchyards Reserve	(19)	0	19	0
Health Inequalities	(32)	0	32	0
Deposit Guarantee Claims Reserve	(12)		13	0
Park Homes Replacement Reserve	(286)	(30)	317	0
Planning Obligations Admin Reserve	(30)	0	30	(0)
Artificial Grass Pitch Reserve	(162)	(16)	0	(177)
Business Support Scheme (flooding)	(101)	0	20	(82)
Regeneration Fund	(2,997)	(1,406)	1,160	(3,243)
NNDR Volatility Reserve	(4,592)	0	4,593	0
Ticket Levy Income	(120)	(132)	0	(252)
Waste Reserve	(100)	0	0	(100)
Community Housing Fund	(170)	0	153	(18)
Community Safety Reserve	(43)	0	19	(25)
Housing and Homelessness Reserve	(441)	(258)	163	(537)
Commercial Investment Reserve	(6,606)	(113)	0	(6,719)
Spatial Policy Reserve	(258)	(48)	166	(141)
YIC Maintenance Reserve	(40)	(20)	0	(60)
Climate Change Fund	(167)	(262)	163	(266)
Community Initiatives Reserve	(163)	(522)	303	(382)
Local Government Change	0	0	0	0
Community Resilience Reserve	(126)	(247)	282	(91)
NNDR S31 Grant Coll. Fund	(11,704)	(3,695)	8,886	(6,513)
Area East Reserve	0	(49)	0	(49)
Area North Reserve	0	(24)	0	(24)
Area West Reserve	0	(40)	0	(40)
Somerset LGR Reserve	0	0	0	0
COVID Recovery Reserve	0	0	0	0

MRP Reserve	0	(444)	0	(444)
Total Reserves	(38,228)	(12,326)	18,950	(31,606)

0.07

Appendix 5a

Trans-fers in 2022/23 £'000	Trans-fers out 2022/23 £'000	Balance as at 31 March 2023 £'000
(76)	0	(227)
0	0	(549)
0	0	(1)
(40)	0	(295)
0	0	(10)
(19)	23	(212)
0	0	(0)
0	0	0
0	0	0
0	0	(10)
0	0	0
0	0	0
0	0	(750)
(2)	106	(295)
(7)	1,313	(7,557)
(347)	451	(1,137)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	(0)
(16)	3	(190)
0	11	(71)
(944)	218	(3,969)
0	0	0
(162)	0	(414)
0	100	0
0	0	(18)
0	0	(25)
(443)	386	(594)
0	0	(6,719)
(48)	55	(134)
(12)	0	(72)
0	204	(62)
0	382	0
0	0	0
0	42	(49)
(8,886)	14,209	(1,190)
0	2	(47)
0	0	(24)
0	0	(40)
(1,234)	514	(720)
0	134	134

0	0	(444)
(12,236)	18,153	(25,689)

0 0 0.07 Previous year diff

Project	Q3 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
Iminster 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

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Somerset Council Reserves as at the 1st april 2023

Legacy Authority	Reserve	Balance as at 01/04/2022 £000
SWTC	Investment Risk Reserve	3,151
SWTC	Business Rates Smoothing Reserve	5,353
SWTC	Capital Financing Reserve	1,413
SWTC	COVID - S31 Business Rates TIG	2,498
SWTC	Garden Village	979
SWTC	Investment Properties Sinking Fund	500
SWTC	SWP 22-23 Year End Balances	0
SWTC	Strategic Housing Market Area Assessment	497
SWTC	Toneworks Heritage Site 2	166
SWTC	Rough Sleepers Initiative	3
SWTC	Asset Management - General	519
SWTC	LGR Implementation Costs	0
SWTC	Self Insurance Fund	200
SWTC	Economic Development & Growth Initiatives	643
SWTC	Phosphate Management Strategy	0
SWTC	Steam Coast Trail	118
SWTC	Local Plan Development and Inspection	126
SWTC	LG Cyber Security Fund Grant	0
SWTC	Blue Anchor Csum 60yr Covenant	94
SWTC	COVID - Council Tax Hardship Fund	84
SWTC	Flood Project - EA	0
SWTC	Coal Orchard Warrant	0
SWTC	Flood Project - SRA	0
SWTC	Carry Forwards	2,075
SWTC	Homelessness Prevention	684
SWTC	New Homes Bonus Reserve	171
SWTC	Transformation / Internal Change Reserve	141
SWTC	COVID - S31 Council Tax TIG (income guarantee)	34
SWTC	COVID - S31 Business Rates Holiday Grant	5,811
SWTC	Commercial Investment Financing Fund	2,000
SWTC	Other Earmarked Reserves	730
Total SWTC Earmarked Reserves		27,990
MDC	Budget Smoothing	3,979
MDC	Collection Fund Reserve	4,447
MDC	Maintenance for Investment Properties	886
MDC	Planning Policy	323
MDC	5 Councils Contract Smoothing	591

MDC	Saxonvale	484
MDC	LGR Transition	1,088
MDC	Flexible Homelessness Support Grant	221
MDC	Carry Forward Balances for 2022/23 Projects	199
MDC	Joint Working with Parish Councils	175
MDC	Homeless Reduction Act	203
MDC	District Elections	52
MDC	Cleaner/Greener Mendip	569
MDC	Special Expenses Rate (SER)	126
MDC	COVID-19	188
MDC	Economic Development Technical Analysis	102
MDC	Environmental Impact Funding	99
MDC	Mendip Rough Sleeper Initiative	184
MDC	Tenancy Hardship Fund	0
MDC	Climate Change	42
MDC	Total of Small Reserves less than £50k each	1,246
Total MDC Earmarked Reserves		15,204
SDC	Apprentices	538
SDC	Business Incubation Space	261
SDC	Business Rates Retention	7,475
SDC	CCTV equipment	18
SDC	CCTV equipment TDBC	72
SDC	Commercial Property	518
SDC	Community Development Fund	4,119
SDC	Corporate buildings	238
SDC	Flooding	0
SDC	Homelessness	798
SDC	Housing Improvement	440
SDC	Insurance fund	78
SDC	IT equipment replacement	464
SDC	Kings of Wessex Pool	381
SDC	Land Charges	0
SDC	Medium Term Managed use of Balances	9,076
SDC	New Burdens	345
SDC	Somerset Building Control Partnership	581
SDC	Succession Planning	94
SDC	Port of Bridgwater	284
SDC	Covid 19 contingency	770
SDC	Other	472
Total SDC Earmarked Reserves		27,022
SSDC	Capital Fund	152

SSDC	Cremator Replacement Reserve	549
SSDC	Internal Borrowing Repayments	1
SSDC	Elections Reserve	254
SSDC	Sports Facilities Reserve	10
SSDC	Yeovil Athletics Track Repairs	216
SSDC	Planning Delivery Reserve	0
SSDC	Bristol to Weymouth Rail Reserve	0
SSDC	Yeovil Refresh Reserve	0
SSDC	IT Replacement Reserve	10
SSDC	Insurance Fund	0
SSDC	Transformation Fund	0
SSDC	Treasury Management Reserve	750
SSDC	Revenue Grant Reserve	399
SSDC	MTFP Support Fund	8,863
SSDC	CTAX/Housing Benefits Reserve	1,241
SSDC	Closed Churchyards Reserve	0
SSDC	Health Inequalities	0
SSDC	Deposit Guarantee Claims Reserve	0
SSDC	Park Homes Replacement Reserve	0
SSDC	Planning Obligations Admin Reserve	0
SSDC	Artificial Grass Pitch Reserve	177
SSDC	Business Support Scheme (flooding)	82
SSDC	Regeneration Fund	3,243
SSDC	NNDR Volatility Reserve	0
SSDC	Ticket Levy Income	252
SSDC	Waste Reserve	100
SSDC	Community Housing Fund	18
SSDC	Community Safety Reserve	25
SSDC	Housing and Homelessness Reserve	537
SSDC	Commercial Investment Reserve	6,719
SSDC	Spatial Policy Reserve	141
SSDC	YIC Maintenance Reserve	60
SSDC	Climate Change Fund	266
SSDC	Community Initiatives Reserve	382
SSDC	Local Government Change	0
SSDC	Community Resilience Reserve	91
SSDC	NNDR S31 Grant Coll. Fund	6,513
SSDC	Area East Reserve	49
SSDC	Area North Reserve	24
SSDC	Area West Reserve	40
SSDC	Somerset LGR Reserve	0
SSDC	COVID Recovery Reserve	0
SSDC	MRP Reserve	444

Total SSDC Earmarked Reserves		31,606
SCC	Social Care Transformation	3,400
SCC	Social Care Volatility Reserves	5,400
SCC	Invest to Save	0
SCC	Improving Lives Programme	0
SCC	Corporate Priorities	5,000
SCC	Workforce Reserve	900
SCC	Funding Volatility	7,000
SCC	Budget Equalisation Reserve	9,200
SCC	Capital Fund	3,700
SCC	Local Government Reorganisation	0
SCC	Business Support System (ERP)	10,900
SCC	Trading Accounts	1,300
SCC	Climate Emergency	600
SCC	West Somerset Opportunity Area	600
SCC	Public Health	4,000
SCC	Prevention Fund	400
SCC	Held for Infrastructure Developments	2,600
SCC	Economic Development	600
SCC	Economic Recovery	5,600
SCC	Ash die back	1,000
SCC	Property Repairs & Maintenance	300
SCC	BSF Bridgwater - Equalisation Reserve	8,700
SCC	Short Life Asset Fund	800
SCC	Insurance	9,000
SCC	Collection Fund Compensation	4,300
SCC	Covid-19 Funding	0
SCC	Elections	0
SCC	Other Children's Services	2,800
SCC	Other ECI	4,700
SCC	Other CDW	600
SCC	Service Carry Forwards	0
SCC - Other	I Somerset Rivers Authority	8,000
SCC - Other	I Local Enterprise Partnership	2,600
SCC - Other	I Connecting Devon and Somerset	200
SCC - Other	I Somerset Waste Partnership	0
SCC - Other	I Somerset and South West Mutual Scheme	100
SCC - Other	I Somerset Association of Primary Headteachers and	0
SCC - Other	I S256 Funding	48,000
SCC - Other	I Business Rates Retention - County Wide	1,900
SCC - Other	I Local Enterprise Partnership - Governance	100
SCC - Other	I School's Carry Forward	25,400

Total SCC Earmarked Reserves	179,700
All Authorities Earmarked Reserves	281,522
Earmarked Reserves Carried Forward to Somerset Council	

Appendix 6

Use of Reserves £000	Balance as at 31/03/2023 £000
889	4,040
-1,830	3,523
358	1,771
-1,602	896
-279	700
200	700
492	492
-39	458
270	436
248	251
-304	215
215	215
0	200
-486	157
135	135
16	134
0	126
100	100
0	94
0	84
84	84
73	73
35	35
-2,075	0
-684	0
-171	0
-141	0
-34	0
-5,811	0
-2,000	0
91	821
-12,250	15,740
0	3,979
-2,881	1,566
-85	801
-10	313
-289	302

-210	274
-840	248
-60	161
-47	152
-36	139
-68	135
76	128
-442	127
0	126
-69	119
0	102
0	99
-106	78
53	53
10	52
-1,074	172
-6,078	9,126
-200	338
69	330
-2,100	5,375
-18	0
-43	29
167	685
-1,259	2,860
48	286
0	0
427	1,225
106	546
8	86
3	467
-181	200
0	0
341	9,417
233	578
-78	503
-6	88
-107	177
-326	444
87	559
-2,829	24,193
76	227

0	549
0	1
40	295
0	10
-4	212
0	0
0	0
0	0
0	10
0	0
0	0
0	750
-104	295
-1,306	7,557
-104	1,137
0	0
0	0
0	0
0	0
0	0
13	190
-11	71
726	3,969
0	0
162	414
-100	0
0	18
0	25
58	594
0	6,719
-7	134
12	72
-204	62
-382	0
0	0
-42	49
-5,323	1,190
-2	47
0	24
0	40
720	720
-134	-134
0	444

-5,917	25,689
-1,400	2,000
-600	4,800
0	0
100	100
-100	4,900
0	900
-100	6,900
-6,800	2,400
-3,700	0
10,700	10,700
-7,000	3,900
1,700	3,000
-200	400
-600	0
800	4,800
-100	300
500	3,100
100	700
-1,200	4,400
-400	600
0	300
600	9,300
0	800
-700	8,300
-3,800	500
0	0
100	100
-700	2,100
1,900	6,600
-500	100
500	500
-2,900	5,100
1,500	4,100
300	500
0	0
100	200
0	0
49,700	97,700
-1,000	900
0	100
-2,800	22,600

34,000	213,700
6,926	288,448
	288,448

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	Paul Shallcross	0.265	3.468	0.126	0.071	0.071	4.001
4	SCC	Children and Families	Children Looked After	Paul Shallcross	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	1.293	1.345	0.070	0.070		2.778
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			3.437	8.380	1.073	0.088		12.978
14	SCC	Economy, Employment and Planning	Business Growth Fund & ther Projects	Paul Hickson	0.222	1.306	0.434			1.962
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	0.240	1.700				1.940
24	SSDC	Economy, Employment and Planning	Yeovil Refresh	Paul Hickson	2.168	13.472				15.640
25	SWT	Economy, Employment and Planning	Staplegrove 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			7.076	95.941	6.889	1.469		111.375
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	1.585	1.808	1.666			5.059
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

34	SCC	Infrastructure and Transport	Highway Lighting	David Carter	0.077	0.750				0.827
35	SCC	Infrastructure and Transport	Rights of Way	David Carter	0.082	1.830				1.912
36	SSDC	Infrastructure and Transport	Car Parks & Parking Services	David Carter	0.590	0.301	0.248	0.248		1.387
37	SCC	Infrastructure and Transport	M5 Junction 25 Improvements	David Carter	1.397	0.900		(0.400)		1.897
38	SCC	Infrastructure and Transport	Toneway Corridor Capacity Improvements	David Carter	1.524	0.750				2.274
39	SCC	Infrastructure and Transport	Trenchard Way Residual Works	David Carter	(0.309)	0.580				0.271
40	SCC	Infrastructure and Transport	Major Road Network	David Carter	1.644	0.100	0.200	0.100		2.044
41	SCC	Infrastructure and Transport	A38 Chelston Link	David Carter	(0.140)	5.250				5.110
42	SCC	Infrastructure and Transport	J23 Dunball Improvements	David Carter	(0.064)	5.242				5.178
43	Update	Infrastructure and Transport	Various Other Schemes	David Carter	3.539	0.495				4.034
44	ALL	Infrastructure and Transport	Fleet Management	David Carter	2.500	3.466	0.500	0.500		6.966
45	SCC	Infrastructure and Transport	Bus Service Improvement Programme	David Carter	1.223	3.195	3.743			8.161
Infrastructure and Transport Total					16.828	66.607	7.857	0.448		91.740
Community Services										
46	SCC	Cultural Services	Wellington Library Improvements	Oliver Woodhams	(0.013)	1.199	0.030			1.216
47	SCC	Cultural Services	Library Services	Elizabeth Dawson	0.053	0.400	0.326			0.779
48	SCC / SWT	Cultural Services	Cultural and Heritage Services	Elizabeth Dawson	(2.872)	2.124	0.314	0.595		0.161
Cultural Services Total					(2.832)	3.723	0.670	0.595		2.156
49	ALL	Housing	Disabled Facilities Grant	Chris Brown	(0.384)	7.084	1.093	1.093		8.886
50	SWT	Housing	Grants to Registered Social Landlords (RSLs)	Chris Brown	0.101	0.403	0.276			0.780
51	SWT	Housing	Gypsy Site	Chris Brown	0.001	0.108				0.109
52	SWT	Housing	IAC Staffing and Support	Chris Brown	0.102	0.102	0.102	0.102		0.408
53	SWT	Housing	Energy Efficiency Grants	Chris Brown	0.037	0.062	0.062	0.062		0.223
54	SWT	Housing	Home Maintenance	Chris Brown	0.051	0.057	0.057	0.057		0.222
55	SWT	Housing	Prevention Grants	Chris Brown	(0.057)	0.045	0.045	0.038		0.071
56	SWT	Housing	Other Schemes	Chris Brown	2.626	0.190				2.816
Housing Total					2.477	8.051	1.635	1.352		13.515
57	SWT	Leisure Centres, Facilities and Services	Wellington Leisure Centre	Elizabeth Dawson	-0.007	0.761				0.754
58	NEW	Leisure Centres, Facilities and Services	Glastonbury Community Sports & Leisure Hub	Elizabeth Dawson		1.829				1.829
Leisure Centres, Facilities and Services Total					-0.007	2.590				2.583
59	SWT	Parks and Play Areas	Norton Fitzwarren Playing Pitches (S106)	Elizabeth Dawson	0.020	0.244				0.264
Parks and Play Areas Total					0.020	0.244				0.264
60	SWT	Theatres	Brewhouse Theatre	Elizabeth Dawson		0.185				0.185
61	SSDC	Theatres	Octagon Redevelopment	Elizabeth Dawson	0.242	16.191	10.527	0.428		27.388
Theatres Total					0.242	16.376	10.527	0.428		27.573
Resources and Corporate Services										
62	SCC	Finance	Finance - Capital Programme Contingency	Nicola Hix	1.056	2.000				3.056
63	ALL	Information Communication Technology	Corporate ICT Investment	Andy Kennell	0.879	3.358	1.098	0.780		6.115
Information Communication Technology Total					1.935	5.358	1.098	0.780		9.171
64	ALL	Strategic Asset Management	Property Services General	Ollie Woodhams	9.319	3.051	0.798			13.168
65	NEW	Strategic Asset Management	Building Compliance Health & Safety	Ollie Woodhams		0.250				0.250
66	NEW	Strategic Asset Management	Asset Rationalisation	Ollie Woodhams		0.130	0.070			0.200
67	NEW	Strategic Asset Management	New Somerset Council Signage	Ollie Woodhams		0.078				0.078
68	NEW	Strategic Asset Management	Office Rationalisation	Ollie Woodhams		0.500				0.500
69	NEW	Strategic Asset Management	Building Condition Programme (Non Schools)	Ollie Woodhams		0.900	0.600			1.500
70	SCC	Strategic Asset Management	Outdoor Education Centres Improvements	Ollie Woodhams	0.235	0.412	0.274			0.921
71	SCC	Strategic Asset Management	Saltlands Solar Park	Ollie Woodhams	0.030	3.107				3.137
72	SCC	Strategic Asset Management	South West Heritage Trust Building Condition	Ollie Woodhams	0.080	0.280	0.040			0.400
73	SCC	Strategic Asset Management	Outdoor Education Centres Building Condition	Ollie Woodhams	0.120	0.960	0.120			1.200
74	SCC	Strategic Asset Management	Estate De-carbonisation	Ollie Woodhams		1.000				1.000
75	SSDC	Strategic Asset Management	Birchfield Gas Control System (SSDC)	Ollie Woodhams	0.064	0.394				0.458

76	SSDC	Strategic Asset Management	Capital Works for Investment Properties	Ollie Woodhams	0.394	1.615	0.288			2.297
Strategic Asset Management Total					10.242	12.677	2.190			25.109
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	0.401		1.537			1.938
82	SCC	Infrastructure and Transport	Walton & Ashcott Bypass	David Carter						
83	SSDC	Strategic Asset Management	Yeovil Crematorium Refurbishment	Sarah Dawson	0.204		3.367			3.571
Paused Schemes Total					0.571		7.690	0.139		8.400
Total Capital Programme					51.724	258.652	59.372	11.795	2.424	383.967

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	255.907
Capital Receipts	8.792
Reserves	2.659
S106 or CiL	28.931
Borrowing	127.831
Total	424.120

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APPENDIX A

Tender Evaluation Report

Kitchen replacement programme 2023-27

DN665404

Author: **Name: Michael O'Halloran**
 Title: Procurement Specialist
 Commercial & Procurement
 Date: 18 August 2023

1. Management Summary

Somerset Council owns and manages approximately 6000 social rented homes in the Taunton area (prior to April 2023, Somerset West and Taunton District) and under the capital maintenance programme needs to ensure continued compliance with the Decent Homes Regulatory Standard. The Council has a need to implement a long-term programme to install replacement kitchens to its domestic properties.

The Council has a specific need to replace approximately 300 additional kitchens in 2023/24. The annual demand thereafter is forecast to be at a similar level.

This procurement was carried out by Somerset Council who wished to select a number of Contractors to provide the Works under the kitchen programme. The procurement was conducted under the Westworks Dynamic Purchasing System (Westworks DPS) as a call for further competition under Categories 1a and 11.

The Council sought to appoint suitably accredited and experienced Contractors to undertake the design, supply and installation of kitchens in domestic properties owned by the Council.

The requirements were split into three Lots based on geography. Applicants could bid for all Lots but only be appointed to one Lot. Applicants were requested to rank Lots bid for in order of their preference. The reason for appointing three contractors is to support efficient delivery of the programme and provide resilience in our supply chain against contractor delivery failure.

The Council expects the three appointed kitchen Contractors to be able to install four kitchens per week from end of October 2023.

The annual value of the contracts will be c£650,000 across each of the three contracts and the potential total spend over four years is expected to be approximately £8m.

2. Procurement Process

This procurement was carried out in accordance with the authority's Contract Procedure Rules and Standing Orders, and Public Contracts Regulations 2015 principles.



Suppliers were invited to submit a response to the Invitation to Tender (ITT) through the Westworks In-Tend e-Tendering System. The Procurement Documents were published on 11 July 2023.

Bid responses were received by the closing date of 12 noon on 7 August 2023 as follows:

- Nine Bidders responded within the deadline. Eight Bidders bid for all three Lots and one Bidder bid for one Lot only.
- All nine Bidders submitted a compliant Bid.
- Bids were evaluated in accordance with the criteria set out in the Procurement Documents and set out in section 2.1 below.

The Commercial and Procurement Team conducted the compliance checks.

Several clarification questions were issued to all Bidders to confirm their Pricing and Social Value proposals.

2.1 Evaluation Methodology

Bids were evaluated in accordance with the evaluation criteria set out within the Procurement Documents and were applied as follows:

Evaluation criteria breakdown		Weighting
Quality		
Contract mobilisation and on-going delivery	15%	30%
Approach to Customer care and tenant liaison	10%	
Health and Safety and risk assessments	5%	
Price		60%
Social Value		10%

2.2 Quality

The quality questions were scored and evaluated in accordance with the published criteria.

The quality element of the Tenders was evaluated by a panel of officers and moderated in a moderation meeting following initial collation of scores and comments. The moderation process was facilitated by the Commercial and Procurement Team at Somerset Council (see Confidential Appendix B for the list of evaluators and moderators). Each evaluation panel member scored each Bid on an individual basis and prior to the moderation meeting.

Moderated scores are available in Confidential Appendix B, including the proposed award decision.

2.3 Pricing

Pricing was assessed based on the total tender price for the Services included by bidders within the Pricing Schedule. The tendered prices are available in Confidential Appendix B, including the proposed award decision.

3. Contractual Position

The Contracts will be a JCT Measured Term 2016 Edition with Employers Schedule of Amendments. The specification and pricing model is supported by the NHF Planned Maintenance and Property Reinvestment Works Schedule of Rates V7.2. The contract will not commit Somerset Council to instructing any volume of work and work will only be issued on a specific order basis under the terms of the contract.

If appointed Contractors fail to mobilise quickly and deliver the requested number of installations to the required standard during an initial pilot period in November, no further instructions will be made. For the avoidance of doubt, failure to perform to the required standards and volumes thereafter will result in no further instructions under the terms of the contract. In such circumstances, Somerset Council will reserve the right to move work to other appointed contractors or engage with the next ranked contractor under the competition in compliance with PCR2015 Regulations.

This is subject to approval of an Executive Key Decision to award supported by this evaluation report.



3.1 Proposed Term

The three contracts will be for an initial period of 12 months, with an option to extend by mutual agreement for up to a further 12 months, followed by a further extension option of 24 months by mutual agreement.

3.2 Service Levels and Contract Management

Service levels will be monitored as part of Contract Management and specific Key Performance Indicators. The contract will be managed to ensure that the service meets expectations and to identify further opportunities for cost and service improvement.

4. Risk and Mitigation

Risk: The risk associated with contractor delivery of the programme has been a key element in the planning of the procurement strategy.

Mitigation: This risk will be mitigated by the appointment of three contractors.

5. Next Steps

- Scrutiny Committee
- Executive Key Decision to award to be approved.
- Suppliers to be informed of the decision by Commercial and Procurement Team.
- Voluntary Standstill period to elapse.
- Contract award
- Contract Mobilisation/ Implementation to begin.

End of Report

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APPENDIX A

Tender Evaluation Report

Kitchen replacement programme 2023-27

DN665404

Author: Name: Michael O'Halloran
Title: Procurement Specialist
Commercial & Procurement
Date: 18 August 2023

1. Management Summary

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The Council has a specific need to replace approximately 300 additional kitchens in 2023/24. The annual demand thereafter is forecast to be at a similar level.

This procurement was carried out by Somerset Council who wished to select a number of Contractors to provide the Works under the kitchen programme. The procurement was conducted under the Westworks Dynamic Purchasing System (Westworks DPS) as a call for further competition under Categories 1a and 11.

The Council sought to appoint suitably accredited and experienced Contractors to undertake the design, supply and installation of kitchens in domestic properties owned by the Council.

The requirements were split into three Lots based on geography. Applicants could bid for all Lots but only be appointed to one Lot. Applicants were requested to rank Lots bid for in order of their preference. The reason for appointing three contractors is to support efficient delivery of the programme and provide resilience in our supply chain against contractor delivery failure.

The Council expects the three appointed kitchen Contractors to be able to install four kitchens per week from end of October 2023.

The annual value of the contracts will be c£650,000 across each of the three contracts and the potential total spend over four years is expected to be approximately £8m.

2. Procurement Process

This procurement was carried out in accordance with the authority's Contract Procedure Rules and Standing Orders, and Public Contracts Regulations 2015 principles.

Suppliers were invited to submit a response to the Invitation to Tender (ITT) through the Westworks In-Tend e-Tendering System. The Procurement Documents were published on 11 July 2023.

Bid responses were received by the closing date of 12 noon on 7 August 2023 as follows:

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- Bids were evaluated in accordance with the criteria set out in the Procurement Documents and set out in section 2.1 below.

The Commercial and Procurement Team conducted the compliance checks.

Several clarification questions were issued to all Bidders to confirm their Pricing and Social Value proposals.

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This is subject to approval of an Executive Key Decision to award supported by this evaluation report.



3.1 Proposed Term

The three contracts will be for an initial period of 12 months, with an option to extend by mutual agreement for up to a further 12 months, followed by a further extension option of 24 months by mutual agreement.

3.2 Service Levels and Contract Management

Service levels will be monitored as part of Contract Management and specific Key Performance Indicators. The contract will be managed to ensure that the service meets expectations and to identify further opportunities for cost and service improvement.

4. Risk and Mitigation

Risk: The risk associated with contractor delivery of the programme has been a key element in the planning of the procurement strategy.

Mitigation: This risk will be mitigated by the appointment of three contractors.

5. Next Steps

- Scrutiny Committee
- Executive Key Decision to award to be approved.
- Suppliers to be informed of the decision by Commercial and Procurement Team.
- Voluntary Standstill period to elapse.
- Contract award
- Contract Mobilisation/ Implementation to begin.

End of Report

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