

Decision Report - Executive Decision

Forward Plan Reference: FP/23/07/06

Decision Date – 6 September 2023

Key Decision – yes



Annual Approval as Sole Shareholder of Homes in Sedgemoor

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

Local Member(s) and Division: All

Lead Officer: Chris Brown – Service Director Housing

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Summary / Background

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

Recommendations

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

Reasons for recommendations

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

Other options considered.

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

Links to Council Plan and Medium-Term Financial Plan

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

Financial and Risk Implications

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

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|-------------------|----------|---------------|----------|-------------------|-----------|
| Likelihood | 2 | Impact | 5 | Risk Score | 10 |
|-------------------|----------|---------------|----------|-------------------|-----------|

Mitigation: Production of the financial statements, and their independent audit, are key parts of the financial control framework and risk mitigation.

Legal Implications

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

HR Implications

14. There are no HR implications with this report.

Other Implications:

Equalities Implications

15. There are no Equality implications with this report.

Community Safety Implications

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

Climate Change and Sustainability Implications

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

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

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

Scrutiny comments / recommendations:

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

Background Papers

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

Report Sign-Off

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