

Decision Report

Committee: Executive

Meeting or Proposed Decision Date –

7 October 2024

Key Decision – yes



Annual Approval as Sole Shareholder of Homes in Sedgemoor

Chair of Committee: Cllr Bill Revans – Leader of the Council

Executive Member(s): Cllr Federica Smith Roberts - Lead Member for Communities, HRA, Culture, Equalities and Diversity.

Local Member(s) and Division(s) affected: All

Executive Director: Chris Hall - Executive Director Community Services

Executive Summary

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. 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

3. That the Executive agrees:
 - a. The approval of the Homes in Sedgemoor annual company accounts for 2023/24.
 - b. That the auditors, Bishop Fleming LLP, are re-appointed, in accordance with section 485 of the Companies Act 2006, for the 2024/25 audit of Homes in Sedgemoor.

Reasons for Proposals

4. To enable the Council to meet its obligations as the sole owner and shareholder of the company, Homes in Sedgemoor.
5. In respect of the external auditors, Bishop Fleming came through a re-tender exercise in the summer of 2023 and were awarded a three year plus 2-year contract which would therefore run from September 2023 to September 2028 and cover the audit work on the 23/24 accounts through to the 27/28 accounts

(inclusive). Therefore, subject to reapproval by Somerset Council, they will commence the 2nd year of their possible 5-year contract in September 2024.

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Main report and supporting information



Background and purpose of report

6. The Annual Report and Financial Statements present the financial performance and financial position of Homes in Sedgemoor (HiS) for the year ended 31 March 2024. They also provide a variety of other information on corporate governance and business performance.
 - The total comprehensive income for the year (aka the “retained surplus”) was £533K.
7. Of the £533K, the main contributors to this position include £118k higher than budget income from Capital Management Fee following strong outturn against the capital programme. £120k over budget income collected from interest due to higher than anticipated interest rates, £52k less provision required for Insurance Excess payments, £47k lower than budget spend on consultants, £64K excess costs on agency against staffing budgets, £91k savings across Repairs & Maintenance and Compliance budgets and £89k overspend on Council Tax following the council’s decision to charge council tax in full on void properties.

The Pension Reserve was shown as £0 at the end of 22/23 following a surplus valuation of £163k. This surplus valuation has increased to £2,291k at the end of 23/24. This isn’t real “cashable” monies, simply the impact of assumptions made by the actuary when assessing the value of the pension fund. Movements in the pension fund, both “profits and “losses” can be significant year on year due to the sensitivities associated with the fund value assumptions. Once again, the surplus has not been recognised in the accounts on the grounds that it is not directly recoverable as a refund or reduction in contributions. The pension reserve therefore remains as £0.

Links to Council Plan and Medium-Term Financial Plan

8. Approval of the Homes in Sedgemoor company accounts give 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.

Other options considered

9. A ‘do nothing’ option would leave Homes in Sedgemoor without an external auditor and approved annual accounts.

Key considerations for the Council

Scrutiny comments / recommendations:

10. Scrutiny Chair had no comments but as, on the face of it, a good news story it might be good to run it past Scrutiny if timing permits. They may have space at their next meeting in October if that's not too late.

Consultation and feedback

11. The annual accounts have been shared and endorsed by Homes in Sedgemoor's Audit and Risk Committee and the Homes in Sedgemoor Board. The Annual Report and Financial Statements are presented at the Annual General Meeting of Homes in Sedgemoor where, in accordance with section 2.4 of the Governance Framework, the 'Council Member' will be asked to provide the final approval, consequently leading to this report.

Financial and Risk Implications

12. This report presents the annual accounts of Homes in Sedgemoor for 2023/24. The financial performance is within the agreed budget, MTFP and 30-Year Business Plan of the Council's Housing Revenue Account. The reported surplus will be reviewed as part of the annual financial cycle.
13. The Key Risk is not presenting a balanced budget, which is mitigated by production of financial statements, and their independent audit, key parts of the financial control framework and risk mitigation.

Current Risk Score:

Likelihood	2	Impact	5	Risk Score	10
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Projected risk score if recommended actions are agreed and delivered:

Likelihood	1	Impact	3	Risk Score	6
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Legal and Procurement Implications

14. Procurement has been carried out in accordance with the Public Contracts Regulations 2015 and the Homes In Sedgemoor's Contract Standing Orders. External Audit and the 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 / Workforce Implications

15. There are no HR or Workforce implications with this report.

Equalities Implications

16. There are no Equality implications with this report.

Community Safety Implications

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

Climate Change and Sustainability Implications

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

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

21. The Financial Statements provide a summary overview of VFM activity during 2023/24. There are no other Social Value implications arising from this decision.

Background Papers

22. Homes in Sedgemoor Annual Report and Financial Statements – 2023/24.

Appendices

Homes in Sedgemoor Limited – Annual Report and Financial Statements

Report assurance

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	09/09/24
Finance & Procurement	Nicola Hix – Kerry Prisco	02/09/24
Workforce	Dawn Bettridge	02/09/24
Asset Management	Oliver Woodhams	29/08/24
Executive Director	Chris Hall	29/08/24
Executive Lead Member	Cllr Federica Smith-Roberts	02/09/24
Consulted:	Councillor Name	
Local Division Members	List local members	n/a
Opposition Spokesperson	Relevant Opposition Spokesperson	29/08/24
Relevant Scrutiny Chair	Cllr Gwil Wren	09/09/24