

## SWT Scrutiny Committee

Wednesday, 8th January, 2020,  
6.30 pm



Somerset West  
and Taunton

The John Meikle Room - The Deane  
House

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**Members:** Gwil Wren (Chair), Libby Lisgo (Vice-Chair), Ian Aldridge, Sue Buller, Norman Cavill, Dixie Darch, John Hassall, John Hunt, Sue Lees, Dave Mansell, Hazel Prior-Sankey, Phil Stone, Nick Thwaites, Danny Wedderkopp and Keith Wheatley

### Agenda

**1. Apologies**

To receive any apologies for absence.

**2. Minutes of the previous meeting of the Scrutiny Committee**

To approve the minutes of the previous meeting of the Committee.

**3. Declarations of Interest**

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

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

**4. Public Participation**

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

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

(Pages 5 - 16)

before Councillors debate the issue.

**5. Scrutiny Committee Action Plan**

To update the Scrutiny Committee on the progress of resolutions and recommendations from previous meetings of the Committee.

**6. Homelessness and Rough Sleeper Strategy. Report of the Strategy Specialist and Customer Specialist – Housing Options (Item deferred to February)**

**7. Voluntary and Community Sector Grants Annual Review 2019/20. Report of the Localities Manager (attached)**

(Pages 17 - 46)

**8. Financial Monitoring - 2019/20 as at 30 November 2019. Report of the Finance Business Partner and Deputy S151 Officer (attached).**

(Pages 47 - 68)

**9. Draft 2020/21 Budget Progress and Initial Budget Options. Report of the Finance Business Partner and Deputy S151 Officer (attached).**

(Pages 69 - 86)

**10. Scrutiny Committee Forward Plan**

To receive items and review the Forward Plan.

(Pages 87 - 88)



**JAMES HASSETT  
CHIEF EXECUTIVE**

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**SWT Scrutiny Committee - 6 November 2019**

Present: Councillor Gwil Wren (Chair)

Councillors Libby Lisgo, Sue Buller, Norman Cavill, Dixie Darch, John Hassall, Dave Mansell, Andy Milne, Hazel Prior-Sankey, Phil Stone, Danny Wedderkopp, Keith Wheatley, Caroline Ellis and Janet Lloyd

Officers: Paul Fitzgerald (Strategic Finance Advisor and Section 151 Officer), Andrew Randell (Democracy and Governance Case Manager).

Also Present: Councillors Marcus Kravis and Federica Smith-Roberts

(The meeting commenced at 6.15 pm)

**39. Apologies**

Apologies were received from Councillors Hunt, Lees and Thwaites

Councillor Ellis substituted for Councillor Lees  
Councillor Lloyd substituted for Councillor Hunt

**40. Minutes of the previous meeting of the Scrutiny Committee**

(Minutes of the meeting of the Scrutiny Committee held on 9 October circulated with the agenda)

**Resolved** that the minutes of the Scrutiny Committee held on 9 October be confirmed as a correct record.

**41. Declarations of Interest**

Members present at the meeting declared the following personal interests in their capacity as a Councillor or Clerk of a County, Town or Parish Council or any other Local Authority:-

Name	Minute No.	Description of Interest	Reason	Action Taken
Cllr N Cavill	All Items	West Monkton	Personal	Spoke and Voted
Cllr C Ellis	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr L Lisgo	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr M Lithgow	All Items	Wellington	Personal	Spoke and Voted

Cllr J Lloyd	All Items	Wellington & Sampford Arundel	Personal	Spoke and Voted
Cllr D Mansell	All Items	Wiveliscombe	Personal	Spoke and Voted

SWT Scrutiny Committee, 6 11 2019

Cllr A Milne	All Items	Porlock	Personal	Spoke and Voted
Cllr H Prior-Sankey	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr D Wedderkopp	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr G Wren	All Items	Clerk to Milverton PC	Personal	Spoke and Voted

42. **Public Participation**

The following members of the public made statements:-

Karuna on behalf of Extinction Rebellion:-

The Council were commended in declaring a Climate Change Emergency and the work undertaken to date. Further emphasis was encouraged to align all services to the Climate Change Strategy to deliver the zero carbon target before 2030. The Council were requested to positively engage with members of the public and outside organisations to co-write the policy design. Work to focus on carbon reduction was requested to be at the forefront of the Councils priorities to avert a climate, financial and ecological disaster.

Karuna was thanked for his input with widespread agreement of the issues and acknowledgement of the importance of Extinction Rebellion work in keeping the awareness of the climate change emergency, to gain support to make the changes needed and to engage further both locally and centrally.

Phil Cookson:-

The Committee were requested to formally request that Councillor Mike Rigby, The Chief Executive and the Director responsible for Planning Policy ensure that allocations of land and buildings across the District (in the Local Plan 2040 review) include the outcomes of Town and Parish Councils and other settlementbased groups, concluded discussions with land and building owners regarding changes of use for low carbon developments; and thereafter include such land and buildings in the site allocation and Development plans for each settlement, therefore the formal request was made to ensure inclusion of changes of land use for the local carbon future in the Site Allocations and Development Plan maps.

The committee thanked both members of the public for their statements and informed them that the Strategy Specialist for Climate Change would be in contact to arrange a meeting to discuss their areas of concern.

43. **Financial Strategy and Budget Approach. Report of the Section 151 Officer (attached).**

The Financial Strategy for Somerset West and Taunton Council (SWT) was approved by the Executive in September 2019. Prior to the Strategy being approved an informal briefing, open to all Members, was provided by the S151 Officer on 9 September.

The Strategy outlined the Council's proposed approach to managing its financial position over the medium term (three to five years). It also set out estimates and assumptions regarding service costs and income, the funding available and the planned approach to 'balancing the books' over the same period.

The Council (and its predecessors) had delivered significant savings in recent years, responding to financial challenges in the sector locally and nationally. There was a high degree of uncertainty regarding future funding and the prudent approach to financial planning reflected this. There continued to be financial pressures in future, as well as ambitious plans for delivering improved local services, therefore challenging savings targets were included in the Strategy. Having significantly reduced costs in the past, the focus moving forward was weighted towards income generation – providing essential additional resources to meet the ambitions for the Council and district.

The report provided the Scrutiny Committee with a re-cap on the Financial Strategy, an update on any significant changes to the Medium Term Financial Plan, and an outline of the next steps in the budget process.

The Shadow Executive for Somerset West and Taunton set the previous Financial Strategy in September 2018. This reflected the consolidated position resulting from the previous approaches agreed by the two predecessor Councils (Taunton Deane and West Somerset), and was largely influenced by the savings being delivered through the joint transformation programme and the creation of the single, new council. This was followed with the Shadow Council approving the new Council's 2019/20 Budget in February 2019.

Following the creation of the new Council, and the elections in May 2019, the new administration and leadership team developed a new Corporate Strategy which was approved by Full Council on 8 October 2019. The Corporate Strategy set the ambitions and directions for the medium term, incorporating priorities outcomes and objectives for 2020 to 2024. The Financial Strategy would evolve alongside this and reflect the plans in more detail as the financial planning process progressed. The Financial Strategy agreed in September set the direction in terms of understanding the current financial estimates, allowing for future ambitions, and ensuring the Council had a clear strategy in place to remain financially resilient for the foreseeable future in the face of ongoing funding uncertainty.

Financial Planning was particularly difficult at this point, with a high degree of risk and uncertainty in particular regarding the Council's funding forecasts. A summary of the key factors affecting this included:

- National context – Brexit uncertainty and potential for instability in the national economy. The Chancellor had announced his intention to present a Budget to

Parliament on 6 November, however this has been cancelled amid ongoing political uncertainty.

- Financial stress in the local government sector – with particular emphasis on the NHS, social care, public health and homelessness.
- Funding – the Government announced a one-year Spending Round on 4 September, with the full Spending Review deferred until 2020. A 1year Finance Settlement was expected for 2020/21.
- Funding – the Fair Funding Review and Business Rates Retention reform had been deferred with implementation now anticipated in 2021/22.
- Funding – Business Rates Baseline Reset had also been deferred until 2021/22. However a “Full Reset” was expected with funding expected to reduce to the Baseline.
- Funding – New Homes Bonus was being reviewed by ministers, and it was anticipated any changes would significantly reduce funding. However the Government had indicated the total funding nationally for NHB would continue 2020/21.
- Cost inflation – some items of cost were running ahead of overall inflation including wage growth and there were demands from the unions for significant increases in pay and other entitlements. Treasury costs could also be higher following the surprise increase to PWLB borrowing rates from 9 October 2019.

All of the above means the Council would need to use a range of prudent / cautious assumptions for financial planning, and would need to be agile in responding to changes as further information became available. Appropriate levels of contingency would need to be considered when setting the Financial Strategy and calculating budget estimates.

General grant funding for local government, more so for shire districts, had been significantly reduced through the decade. This had seen a major reduction in funding, forcing councils to consider a range of measures to balance budgets. There had been a reduction in general grant funding since 2010 for SWT and its predecessors, which emphasised the scale of the challenge. The grant funding received through the Finance Settlement in 2010/11 was £9.8m. In 2019/20, this had reduced to £4.4m – a cash reduction of £5.4m (-54%). When factoring in the impact of inflation the **‘real terms’ reduction equated to £8.5m (-66%) per year since 2010**. In response, the Council(s) had significantly reduced costs to ensure ongoing services were affordable and the Council was financially resilient.

The (Shadow) Council approved the current Budget and Medium Term Financial Plan in February 2019. This reflected the consolidated budgets of the two predecessor councils, financial planning assumptions and savings delivered to set the balanced budget for the year.

In recent weeks, key estimates had been reviewed where appropriate, reflecting as much as possible what is “known”, and providing “best estimates” on areas of uncertainty, with a significant reduction in funding now expected from 2021/22 onwards.

The council’s latest forecasts of Net Expenditure and Funding, set out a provisional budget gap rising to £2.5m by 2022/23 (15% of Net Expenditure). There was a high degree of uncertainty regarding funding estimates, therefore these figures would be reviewed and updates reported to Members as further information becomes available. Notably, the assumptions related to New Homes Bonus had been updated to reflect the annual Council Tax Base return completed in early October, and a more cautious assumption that the grant would not continue in its current form beyond 2020/21.



	2019/20 £k	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Services Costs	14,752,279	14,656,828	15,381,146	16,161,436	16,751,866	17,443,659
Net Financing Costs	356,540	485,900	470,260	633,370	416,480	409,590
SRA Funding	99,090	100,675	102,286	103,923	105,586	107,275
Unparished Area Expenses	46,399	0	0	0	0	0
Earmarked Reserves	7,123,781	2,796,954	-200,000	0	0	0
General Reserves	0	0	0	0	0	0
<b>Net Expenditure</b>	<b>22,378,089</b>	<b>18,040,357</b>	<b>15,753,692</b>	<b>16,898,729</b>	<b>17,273,932</b>	<b>17,960,524</b>
Business Rates Retention (BRR)	-7,787,783	-4,910,158	-3,989,206	-4,067,579	-4,145,952	-4,224,325
BRR prior year surplus/deficit	-1,331,905	0	0	0	0	0
Revenue Support Grant	-6,340	0	0	0	0	0
Rural Services Delivery Grant	-241,506	-241,506	-241,506	-241,506	-241,506	-241,506
New Homes Bonus	-3,809,150	-3,823,053	-3,214,760	0	0	0
Council Tax (CT)	-9,038,695	-9,365,685	-9,704,334	-10,055,574	-10,419,196	-10,796,170
CT Special Expenses	-46,399	0	0	0	0	0
CT prior year surplus/deficit	-116,311	50,000	0	0	0	0
<b>Net Funding</b>	<b>-22,378,089</b>	<b>17,682,109</b>	<b>13,935,046</b>	<b>14,364,659</b>	<b>14,806,654</b>	<b>15,262,001</b>
<b>Budget Gap</b>	<b>0</b>	<b>358,248</b>	<b>1,818,646</b>	<b>2,534,070</b>	<b>2,467,278</b>	<b>2,698,523</b>
Gap – Change on Previous Year	0	358,248	1,460,398	715,424	-66,792	231,245

The projected Net Expenditure across the 5-year period had reduced since the Strategy was approved in September, reflecting the reduction in costs supported by New Homes Bonus. The main assumptions included:

#### Service Costs and Income:

- Staff pay awards were estimated at 2% annually. Unions were proposing much larger pay increases, which if agreed could significantly increase pay costs above current estimates.
- Inflation increases incorporated for main contractual arrangements: Somerset Waste Partnership, CCTV monitoring, Street Cleaning plus utilities and insurances.
- Demographic growth reflected in demand for waste and street cleaning services. No funding was provided in core assumptions for demand growth in other services.
- Employers pension contributions and Pension Fund deficit recovery lump sum costs based on the latest 2016 actuarial valuation. The next valuation was expected in Spring 2020.
- Transformation savings remained sustainable and temporary transitional costs ceased as planned.

#### Funding:

- Business Rates Retention (BRR) would be subject to a Full Reset in 2021/22 and reduce to the Baseline. This significantly reduced funding compared to previous estimates.
- No 'guess' included for the impact of future implementation of 75% Business Rates Retention.
- General Government Grant projected based on a 'Negative' Revenue Support Grant applying from 2021/22 and continuation of current Rural Services Delivery Grant level.
- New Homes Bonus grant was at risk and the MTFP had been reduced to assume no NHB funding is available beyond 2020/21. This impacted on the affordability of the Capital Programme which would be reviewed as a result.
- Council tax was forecast based on an officer assumption of a 1.99% increase each year, following the Core Referendum Principle announcement in the 2019 Spending Round.

Further information regarding these estimates and assumptions, and related elements of the financial strategy were set out in more detail in the report.

Given the scale of the projected Budget Gap, and including an allowance for further potential cost pressures and new service investment not currently factored into estimates, it was proposed to set challenging savings targets for the next three years. Given the level of uncertainty in financial planning, it was not proposed to set targets beyond this timeframe at this stage – but this would be kept under review as corporate plans and greater funding certainty emerged.

These targets would be kept under review and finalised alongside the final budget proposals presented to Council in February. Given the future funding uncertainty the targets needed to be carefully assessed each year.

The overarching aim of the financial strategy was to protect services in the face of reductions in government funding. Transformation sought to ensure the cost of delivering services is more efficient and customer focussed. It remained important that prioritisation of spending and investment in services reflected current and future Council priorities. Such prioritisation was secured through ensuring budget decisions were clearly linked to the Corporate Strategy and Operational Plans.

The estimates for service costs and income were based on using the current base budget, adjusted incrementally for:

- Inflationary pressures on employment and contract costs
- Cost efficiency through transformation and new Council implementation
- Revenue implications of capital investment
- Planned use of earmarked reserves and external funding

There were currently no savings targets identified for services, with the assumption that overall activity would be contained within the capacity available in the core establishment, and additional and project resources covered through income, reserves and external funding. A key principle for the 'design authority' for the Council's operating model was that resources would be agile and refocussed / reprioritised in line with priorities as these evolve.

The Leadership Team continued to drive forward process improvements and other measures focussed on channel shift and reducing failure demand. There was a risk that efficiencies and demand reduction would not be fully delivered as quickly as previously anticipated and that staff resources would need to be maintained for a period to provide essential transitional capacity and service resilience. This was being assessed and any additional budget requirement would be incorporated in future reports together with funding proposals.

Savings of £100k were currently included in the Savings Targets in Table 3 on the assumption that further efficiency could be delivered in core operating costs, particularly (but not exclusively) in relation to non-staff costs as the full benefits of becoming a single new Council were realised. This target would need to be revised given the ongoing challenges.

The Council through previous transformation business plans and corporate plans had reflected the long standing commitment to exploring options for income generation and commercial activity. The focus in recent years had been the delivery of efficiency and improvements through transformation. Despite the delivery of significant savings enabling budgets to balance to date, the MTFP clearly showed the financial challenge remains in future. This reflected the expected reduction in business rates and new homes bonus funding.

The Executive supported a new Commercial Strategy, presented as a confidential report on 23 October. This Strategy was recommended to be approved by Full Council on 12 November, and proposed large-scale investment to generate significant additional income. This commercial approach was essential in responding to the major cuts in central government funding and replace this with other income to maintain and enhance local services and investment in communities, and reduce pressure to cut services.

This Commercial Investment approach is considered essential to meet the £2m segment of the savings target, as a key component of the options to address the budget gap. This approach would present an update in the risk profile to be managed, however there was no risk-free option.

A key theme of the Council's corporate priorities was to operate in a business-like way, seeking to maximise efficiency and provide value for money services. As part of the wider development of the Commercial Strategy, the Council would also explore further opportunities for the commercialisation of services with a view to increasing productivity and growing income returns. Part of this strategy was to ensure that the full costs of services were identified, and discretionary fees and charges set to fully recover costs from customers.

Equally, there could be opportunities for trade services to generate increased income in order to provide alternative income to mitigate the major cuts in funding received from Government. The primary purpose of this approach was to provide income that helped ensure local services remained affordable and cuts to services can be avoided / minimised.

The Council updated its Treasury Management Strategy annually, with the current TMS approved at Shadow Full Council in February 2019 alongside the Budget. It was important to recognise that the financial strategies for revenue and capital resources and treasury management were intrinsically linked (as well as the proposed commercial strategy). The strategies reflected the ongoing challenging and uncertain economic times. Of course, there remains uncertainty regarding the future implications of Brexit, not just on treasury performance but on wider service implications too. The current economic outlook has several key treasury management implications:

- Short term investment returns are likely to remain relatively low
- Borrowing interest rates are currently relatively attractive and are likely to remain low for some time, despite some anticipated increases in base rate and the recent increase by the Treasury to PWLB rates
- Approaches to financing capital investment plans should consider the economic outlook e.g. any potential advantages in borrowing "in advance of need" (i.e. before planned capital spending is actually incurred) to secure lower long-term borrowing costs.

This Strategy looked to manage exposure to risk and volatility at this time of significant economic uncertainty by:

- Considering security, liquidity and yield, in that order
- Considering alternative assessments of credit strength
- Spreading investments over a range of approved counterparties
- Only investing for longer periods to gain higher rates of return where there are acceptable levels of counterparty risk.

The predecessor Councils had a good record of treasury performance relative to the respective financial positions and prudent approaches to managing risk. There were opportunities to change the mix of treasury investments as a new single council with

consolidated resources. The Treasury Strategy would be reviewed during 2019, which sought to improve overall treasury investment performance whilst continuing to implement an appropriately prudent balance between security, liquidity and yield.

The S151 Officer continued to monitor the overall treasury requirements for the Council, and considered the opportunities to secure and grow the Council's income through further use of strategic investments. This was a risk-managed approach that aimed to increase annual investment income whilst accepting more risk of volatility (up and down) on capital values, reflected in the treasury performance Savings Target of £200k per year.

The S151 Officer and Finance staff continued work with treasury advisors – Arlingclose – to effectively manage opportunities and risks in line with CIPFA's Prudential Code and Treasury Management Code and related Guidance.

The Council currently raised Special Expenses through Council Tax within the unparished area of Taunton, to fund an Unparished Area budget. The Council agreed in August 2019 to transfer the 2019/20 budget to the Charter Trustees.

It was anticipated the Charter Trustees would set their own precept for 2020/21, in line with their tax raising powers (similar to town and parish councils), and consequently SWT will cease to raise Special Expenses from next year.

The Council maintained General Reserves and Earmarked Reserves, for both the General Fund and the Housing Revenue Account. General Reserves were retained to provide a contingency to mitigate financial risks arising from unexpected events or emergencies and as a general working balance to help cushion the impact of uneven cash-flows. Earmarked Reserves were set aside for specific purposes to be spent in future years and to provide contingencies for specific risks.

The approach to General Reserves included a regular review to ensure the levels of reserves held were adequate in the context of the financial risks faced and other mitigations in place (e.g. provisions, earmarked reserves, insurances). Reserves were maintained at or above the assessed minimum requirement, with any planned use of reserves above the minimum supporting one-off expenditure or "bridge" a gap for timing differences on planned delivery of savings / commercial income. Holding adequate reserves remained a key pillar of the Council's financial resilience.

The Council aimed to balance the budget each year without the need to use General Reserves, and prioritised allocating any significant surplus balance to fund one-off costs rather than support day to day running costs of the Council's services thus minimising financial resilience risk.

The Council set aside funds into Earmarked Reserves through the Budget process where there was a longer term spending plan, for example with New Homes Bonus that supported projects, and Business Rates which mitigated financial risks and smoothed out accounting timing differences.

The following table summarised the General Reserves position and the current assessed adequate minimum balance. It was proposed within the strategy to introduce a new measure to provide operational targets as well as a minimum contingency balance. This recognised that reserves could provide resources during the year to address emerging costs and priorities not identified through the annual budget planning process.

	General Fund £k	HRA £k
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General Reserves Transferred from Taunton Deane	1,875	2,718
General Reserves Transferred from West Somerset	981	N/A
<b>SWT Opening Balance 1 April 2019</b>	<b>2,856</b>	<b>2,718</b>
Less: 2019/20 Original Budget Planned Use of Reserves	0	1
Less: 2019/20 Supplementary Budget Allocations	-65	-26
<b>Current Balance 1 September 2019</b>	<b>2,791</b>	<b>2,693</b>
Adequate Minimum Reserves Balance (Financial Resilience Assessment)	2,400	1,800
Operational Target for Reserves (Financial Planning Assessment)	3,000	2,400

The General Fund Reserves balance brought forward had been updated following an adjustment to correct an accounting error in last year's TDBC accounts. This means the balance is below the Operational Target, and it is recommended by the S151 Officer that plans to increase general reserves are incorporated into the MTFP as budget plans are finalised.

The current Business Rates Retention system was introduced from April 2013. It sought to incentivise business growth by enabling local authorities to keep a share of growth in business rates above the funding baseline set by Government. The Business Rates Income Target and Baseline were due to be "Reset" in April 2021 (deferred from April 2020 in the 2019 Spending Round). This would mean the current business rates income levels would be built into the future Target/Baseline. The Council would no longer benefit from historic growth, and would need to see new growth in future to benefit from the system. The true impact of the Reset is not yet known, with detailed information required from Government.

In the absence of certainty and clarity, the most prudent budget approach was to set the budget and MTFP estimates were in line with the current Baseline for initial MTFP estimates for 2021/22 onwards. This resulted in a significant reduction in projected funding, with the financial planning assumption updated since February to assume the Reset would fully remove historic growth benefit. The Budget Gap within the MTFP had increased as a result, requiring costs to be reduced and/or alternative income sources found. Estimates for this source of funding would be carefully reviewed and updated through the budget process as more information was available.

#### Debate

- It was considered that the budget deficit was similar to previous years.
- There remained a degree of uncertainty in achieving a balanced budget for 2020/21 but there was a commitment to working towards this target.
- There were still election pledges to be anticipated along with the delay in budget setting and setting fees and charges.
- There was not any anticipation of business rate policy changes or any large changes in rateable charges.
- An increased of a 1.99% increase of Council tax was budgeted for, although it was acknowledged that this was ultimately a Councillor decision.
- It was considered that 12<sup>th</sup> February would be the last date to receive the funding settlement before budget setting on 11<sup>th</sup> March.

- There was the potential to set the budget without the final settlement in this scenario.
- The investment and treasury management strategy would provide consideration to the levels of risk from the investment portfolio.
- There were reasonable levels of confidence for the next financial year depending on Government and Council priorities. There continued to be uncertainty around the assumptions of year two onwards.
- The committee requested for the climate change priorities to be reflective of the climate change priorities; in particular the difference in the income and cost of implementing the strategy
- The committee requested the potential of developing tools and calculators for public engagement along with the increase of investment in services.
- It was confirmed that an item of the Council Tax discretionary rate relief would be considered as a separate item next year.
- The New Homes Bonus reserve was financially linked to the Capital Programme.
- The minimum general reserves balance could place additional funds in General Reserves.
- There had been commercialisation of services and service efficiencies generated through large contracts such as the waste contract and through insurance cover.
- The ambition for funding in growth areas would be considered once new directors commence employment. They would be provided financial targets to improve financial performance.
- High level assumptions would be built into the base budget, the impact of transformation was still impacting on the base budget.
- Fees and Charges would be set to achieve full cost recovery.
- The Committee requested that South Somerset District Council's investment in battery storage at Bishops Hull would be investigated.
- The committee requested regular updates on the budget forecasts with Councillors and shared through Scrutiny, to be published on the public domain to ensure transparency and protecting public interest.

Resolved that:-

The Council noted the approved Financial Strategy and updated Medium Term Financial Plan position.

#### 44. **Scrutiny Committee Forward Plan**

(Copy of the Scrutiny Committee Forward Plan, circulated with the agenda).

Councillors were reminded that if they had an item they wanted to add to the agenda, that they should send their requests to the Governance Team.

- Further information was requested in relation to South Somerset District Council's investment in battery storage at Bishops Hull.
- An item relating to the Local Plan was requested to be added to the forward plan.
- Consideration of the Commercial Investment Strategy was requested after the election.

**Resolved** that the Scrutiny Committee Forward Plan be noted.

(The Meeting ended at 8.03 pm)





## **Somerset West and Taunton**

### **Scrutiny Committee – 8<sup>th</sup> September 2020**

#### **Voluntary and Community Sector Grants Annual Review 2019/20.**

**This matter is the responsibility of Executive Councillor Members Cllr Chris Booth and Cllr Francesca Smith**

**Report Author: Lisa Redston, Localities Manager**

#### **1 Executive Summary / Purpose of the Report**

- 1.1 To present the findings of the annual review of grants the Council awards to Voluntary and Community Sector (VCS) and Not for Profit organisations.
- 1.2 To present recommendations in relation to the Councils financial support of Citizens Advice Taunton and West Somerset Advice.

#### **2 Recommendations**

- 2.1 To continue funding at current levels for 2020/21 while the key points raised during the review detailed in this paper are addressed.
- 2.2 During 20/21 carry out a review of current areas of funding and set new funding objectives in line with the Councils corporate objectives and current needs within the community.
- 2.3 During 20/21 officers should work closely with all grant recipients to ensure targets are met and grants are offering value for money.
- 2.4 To consider the Proposal and Recommendations A-D in Appendix B.

### **3 Background and Full details of the Report**

#### **3.1 Background**

- 3.1.1 Somerset West and Taunton Council (SWT) provides financial support to a wide range of Voluntary and Community Sector (VCS) organisations that help us deliver our corporate priorities consistent to community needs. VCS grants are awarded by the Council via the Economic Development Function, Housing Function, Tenants Forum, Localities Function, Charter Trustees (Unparished Area) and through Section 106 planning gain.
- 3.1.2 All grantees enter into a funding agreement with the Council and grants are monitored to ensure that conditions are adhered to and that the grant funding is maximised to benefit communities across the district.
- 3.1.3 Historically the Council carries out an annual review of the grants provided through the Somerset West and Taunton (SWT) Small Grants Fund, SWT Partnership Fund and presents the findings to Members. This year the review has been extended to grants provided by the Housing Function and services commissioned to the Voluntary and Community Sector.

#### **3.2 Scope of the Review**

3.2.1 The following Grant Funds are included in this review:

- SWT VCS Partnership Fund
- SWT Small grants
- SWT administration fees
- Somerset West Lottery Community Fund
- Housing Grants awarded from the Housing Revenue

3.2.2 The following grant funds are not in the scope of the review:

- Tenants Forum
- Housing/Homeless reduction grants
- Charter Trustees Unparished Fund
- Planning Obligations (Section 106) funds
- Economic Development and Arts Grants
- Other services commissioned to the Voluntary Sector.

3.2.3 The review takes into account the amount of funding provided, the service/s provided, performance against the grant proposal and recommendations made by Somerset Community Foundation.

3.2.4 The review also looks forward to 2020/21 and considers applications for funding and the allocation of available budgets.

3.2.5 The review has taken a close look at Citizen Advice Taunton and West Somerset Advice. Last year Somerset County Council made a decision to cut a significant element of core grant funding to all CA services across the county. CA services provide councils will valuable assistance, in relation to providing our customers with housing, debt and benefits advice. SWT provided a 'one –off' additional payment of

£45k to help stabilise CA services. This review takes a close look at how this money was invested, and considers the need for additional support.

### 3.3 **Administration of Grants**

- 3.3.1 In July 2016 TDBC and SWT entered into an agreement with Somerset Community Foundation (SCF) to provide a professional grant management service enabling the VCS Small Grants Fund. The agreement included the administration of the fund, due diligence checks, making recommendations for grant awards to the Council and monitoring of grants.
- 3.3.2 As of April 2017 SCF have received £20,000 per year for the VCS Small Grants Fund. The agreement states that SCF may use no more that 10% of the Small Grants Fund for the purpose of managing the fund. In 2017 a decision was made to utilise underspent funds to increase the award to £22,000 allowing SCF to take up to 10% administration fee and award £20,000
- 3.3.3 In December 2018 the Council varied the agreement with Somerset Community Foundation, to include in addition to the Small Grants Fund the administration of the Somerset West Lottery Local Community Fund and VCS Partnership Fund.
- 3.3.4 SCF pledge to provide a minimum of 10% match funding. In some individual grants the match fund contribution exceeded the SWTC grant. The match fund percentage achieved for 19/20 is 28.44%.
- 3.3.5 Total administration costs to the Council 2019/20:

	General Fund Amount Granted £
SCF Administration of Partnership Grants	1560
SCF Administration of VCS Small Grants	2000
SCF Somerset West Lottery Community Fund admin Fees*	2400
Gambling commission Licence Fees	348
Lottery Council Fee	350
<b>Total</b>	<b>7858</b>

\*Estimated based on 10% of ticket sales per annum. This is funded via the Lottery ticket sales and not from Council budget.

- 3.3.6 A summary of all expenditure against each fund within the scope of the review is included at Appendix A.

### 3.4 **Key findings from the review:**

- 3.4.1 The agreement with SCF and subsequent variations of the agreement state that £20,000 shall be awarded for the VCS Small grants fund with up to 10% of the fund to be used by SCF for the administration of the grants. The funding proposal submitted

by SCF for 2019/20 requests the amount of £22,000 which was agreed.

3.4.2 It is recommended that grant funding for 20/21 is awarded at £20,000 in line with the agreement.

### 3.5 **VCS Small Grants**

3.5.1 As described in 3.3 Somerset Community Foundation administers the SWT Small Grant Fund on behalf of the Council.

3.5.2 The Small Grant Fund provides grants of up to £1000 to Voluntary or Community Groups, Social Enterprises and not for profit organisations within Somerset West and Taunton for community activities or projects.

3.5.3 Small Grant applications are assessed to ensure applications:

- Match the funding criteria
- Represent best value for money
- Are deliverable
- That the organisation has robust governance in place and is financially viable.

3.5.4 Somerset Community Foundation also commit to provide match funding and other added value to projects wherever possible.

3.5.5 The criteria for the funds agreed with Somerset Community Foundation are as follows:

- Community activities or project must improve the health and wellbeing of people living in the Somerset West and Taunton area.
- The organisation must have a governing document, a bank account in the name of the group for which there must be a minimum of two signatories and a committee or board of local people.

3.5.6 The VCS Small Grant fund will not support:

- Individuals
- National charities and appeals
- Sponsorship and fundraising events
- Animal welfare
- Promotion of religion (including repairs to buildings used for worship)
- Activities that are a statutory responsibility or are not charitable
- Activities that have already taken place
- Projects where funds are distributed to a third party
- Projects that take place outside of Somerset West and Taunton

3.5.7 During 2019/20 the following grants were awarded.

Area	Applicant	Project Summary	Beneficiaries	Amount requested	SCF Match	SCF recommendation	SWT decision
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Area	Applicant	Project Summary	Beneficiaries	Amount requested	SCF Match	SCF recommendation	SWT decision
West	Allerford & Selworthy Community Hall	Install a boiling water tap at village hall	2500	£1,000	£0	£1,000	£1,000
West	Carhampton Recreation Group	New flooring for the Parish Heritage Room at Carhampton Recreation Centre	2500	£1,000	£0	£1,000	£1,000
West	Crowcombe and Stogumber Primary and Pre-schools PTA	Camera equipment for digital skill building in primary schools.	114	£542	£0	£542	£542
	Dandelion Seeds Foundation	Lifestyle medicine for chronic disease suffers in and around Taunton.	15	£1,000	£0	£0	£0
Both	Engage	Networking and information sharing for voluntary groups in Somerset West and Taunton	200	£2,500	£1,500	£1,000	£1,000
Both	Escape Support Group	Day trip for children with additional needs	100	£1,000	£0	£1,000	£1,000
West	Exmoor Stars Festival	Amateur performing arts festival	500	£2,520	£1,000	£1,000	£1,000
West	Home-Start West Somerset	Materials to support Home Start West Somerset's Story Start programme	85	£966	£0	£996	£996
Taunton	Huish Taunton Tigers Basketball Club	Equipment and clothing for girls basketball in Somerset	20	£1,000	£0	£500	£500
	In the Mix Youth Project	Development of a local green space	120	£1,050	£0	£1,000	£0

Area	Applicant	Project Summary	Beneficiaries	Amount requested	SCF Match	SCF recommendation	SWT decision
Taunton	Jackdaws Music Education Trust	Operatic performances to increase access to the arts in and around Wellington.	450	£1,000	£0	£500	£500
	Life Education Wessex	Health and wellbeing programme for students in Taunton.	1000	£2,520	£0	£0	£0
West	Little Saints	Core running costs of a toddler group for low income families in Williton and Watchet	70	£1,000	£0	£1,000	£1,000
	Magna Housing	Reducing isolation and loneliness through craft activities with older residents of sheltered accommodation .	500	£1,000	£0	£0	£0
Taunton	North Taunton Partnership	Support to hold a Christmas Market in North Taunton.	300	£1,000	£0	£1,000	£1,000
Taunton	Parents of Minerva School	After school and holiday activities	75	£970	£0	£970	£560
	Quantock Eco	Support to revamp Quantock Eco's website	15000	£500	£0	£0	£0
West	Roadwater Cricket Club	Updating the power supply to Roadwater Cricket Club.	150	£1,000	£0	£1,000	£1,000
Both	Samaritans of Taunton and Somerset	Supporting the delivery of the Samaritans service through funding volunteer costs	40000	£1,000	£0	£1,000	£1,000

Area	Applicant	Project Summary	Beneficiaries	Amount requested	SCF Match	SCF recommendation	SWT decision
Both	Somerset Playing Fields' Association	Core costs of providing advice on the acquisition, layout and use of playing fields	50000	£800	£0	£800	£1,000
Taunton	Stand Against Violence	Violence prevention workshops in Taunton schools	300	£2,150	£1,350	£800	£1,000
	St Petrock's Timberscombe PCC	Contribution towards an accessible toilet and servery	400	£1,000	£0	£0	£0
Taunton	Taunton Street Pastors	Core costs of delivering Street Pastors	150000	£1,000	£0	£1,000	£1,000
Taunton	The Friendship Circle of Langford Budville and Runnington and local area.	Events and activities for isolated older people	72	£200	£0	£200	£200
West	The Minehead Hope Centre	Drop in sessions for local homeless people	50	£1,000	£0	£1,000	£1,000
Taunton	Ups and Downs South West	Assertiveness training for parents and carers of children with Down's Syndrome	24	£798	£0	£798	£798
Taunton	Wellington Tennis Club	Contribution towards a new tennis court	320	£5,000	£1,000	£1,000	£1,000
	Wembdon Community Association	Community firework display	1500	£1,700	£0	£0	£0
Taunton	West Hatch Scout Group	Camping equipment for a local youth group	85	£1,000	£0	£1,000	£1,000
	West Somerset Railway Association (WSR)	Refurbishment of a saloon carriage.	200000	£1,000	£0	£0	£0

Area	Applicant	Project Summary	Beneficiaries	Amount requested	SCF Match	SCF recommendation	SWT decision
Taunton	WHERE	Community outreach for isolated people near Taunton	10	£1,000	£0	£0	£1,000
	<b>TOTAL</b>			<b>£39,216</b>	<b>£4,850</b>	<b>£20,106</b>	<b>£20,096</b>

### 3.6 VCS Partnership Grants

3.6.1 The Council undertook a full review of VCS Partnership Grants in 2016. As a result the Council entered into a funding agreement with a range of partner organisations setting the amount of funding to be provided, detailing the proposals of each organisation and agreeing monitoring arrangements.

3.6.2 Each of these funding agreements have been extended year on year to 2019/20.

3.6.3 The following outlines the various VCS Partnership Grants funded by the Council in 2019/20.

Organisation	Amount Awarded	Purpose of Grant	Outputs agreed	Length of contract	Review of performance
Citizens' Advice Taunton	83610	Fund staffing, volunteer training and overheads. Debt advice, employment disputes, family advice, housing advice. Core service benefits 4000 pa.	New debt cases x 480 New benefits cases x 1400 New housing cases x 400 New employment cases x 500	2017 One year funding agreement contract + 4.	Positive report from SCF. No concerns from due diligence. Recommends funding for a further year at current rate.
CLOWNS (WS).	1000	Funding for CLOWNS' resource centre, creating learning opportunities incorporating a toy library and scrap store and craft workshops. 300 individuals supported.	Encourage parents to take part in creative arts & crafts activities with their children  Enable access to high-quality toys to families on low incomes who cannot afford to buy them  Encourage local recycling (scrapstore)	12 months Letter of Agreement reviewed annually	Healthy surplus last year. No immediate concerns, some risk to their longer-term sustainability.
Community Council for Somerset.	5400	Taunton only. Deliver a community building advice service and a contribution to core staff roles.	<b>Community Buildings (CB's)</b> Produce a minimum of 10 e-communications Provide a minimum of 70 hours support Provide a minimum of one training/ networking event. Encourage enterprise and initiatives in running CB's to	2017 One year funding agreement contract + 4.	No concerns from due diligence. Well placed to deliver infrastructure support around community buildings.



Organisation	Amount Awarded	Purpose of Grant	Outputs agreed	Length of contract	Review of performance
			<p>ensure future sustainability</p> <p><b>Core costs</b></p> <p>CEO (or senior manager) availability for meetings</p> <p>Produce a minimum of 4 e-communications to inform Parish and Town Councils</p> <p>Provide a minimum of 60 hours support for VCS groups</p>		<p>Good financial position. Consider funding for WS.</p>
Compass Disability Services.	2700	Self-advocacy group for adults with disabilities. The group has grown to 41 members	<p>To enable disabled people to have equal access to facilities. Providing a mechanism for SWT Council to carry out public duty under the Equality Act.</p> <p>Provision of opportunities for local disabled people and carers to obtain information.</p>	2017 One year funding agreement contract + 4.	The charity's 2018 accounts showed a large drop in income. 2019 accounts not available. No immediate concerns from due diligence.
Engage (TD).	22500	Contribution to core funding, volunteer centre, third sector infrastructure support. Increase standards and draw additional funds. Events, training, information and volunteer brokerage. 120 groups. 150 individuals across both areas.	<p>Civil Society groups in the Taunton Deane area: will be more stable and have greater sustainability:</p> <p>will be able to source suitable volunteers:</p> <p>People in the Taunton area will be able to access appropriate volunteering opportunities</p>	2017 One year funding agreement contract + 4.	No concerns from Due diligence
Engage (WS).	1000	Contribution to core funding towards volunteer brokerage. 120 groups. 150 individuals across both areas.	<p>Civil Society groups in West Somerset: will be able to source suitable volunteers:</p> <p>will be able to access appropriate volunteering opportunities with local group.</p>	12 months Letter of Agreement reviewed annually	No concerns from due diligence
Fuse Performance.	6000	<p>Skills development programme in Halcon. Streetlinkz creative youth club.</p> <p>Young people in Halcon 25</p> <p>Young people in Halcon Drop In 120</p> <p>Volunteers 15</p> <p>Parents 6</p> <p>Local community organisations 4</p> <p>Workshop participants Priorswood and Halcon 280</p>	<p>Engage with local young people</p> <p>Young people learn new skills, including life skills such as communication skills, conflict resolution, and organisational skills</p> <p>Increase cultural education and understanding</p> <p>Young people progress to either education, training, apprenticeship or employment</p> <p>Develop skills and experience of volunteers working with the groups</p> <p>Increase awareness of the</p>	2017 One year funding agreement contract + 4.	Does not meet due diligence criteria.

Organisation	Amount Awarded	Purpose of Grant	Outputs agreed	Length of contract	Review of performance
			Halcon and Priorswood young people as positive, creative and talented individuals		
Homestart (WS).	1000	Funding for Home-Start's volunteer-led family support service Offering support, friendship and practical assistance Visiting families in their own homes	Home visits parent-lead support group volunteer-led support for young families living in disadvantaged rural communities through and after pregnancy Outreach preventative support for families in rural areas with children under 2.	12 months Letter of Agreement reviewed annually	70 families with 132 children were supported last year. No concerns from due diligence.
North Taunton Partnership.	14500	funding towards the core costs of the Priorswood Community Centre, operates as an 'anchor' charity that a wide range of other groups and services revolve around.	Provide a community hub offering support, guidance, advice and signposting. Provide a local service to help reduce social and digital isolation. Provide volunteering opportunities Obtaining further funding to provide diversionary activities to help reduce ASB in the local area.	2017 One year funding agreement contract + 4.	Footfall of 11866 people last year. No concerns from due diligence.
Taunton East Development Trust.	14500	Funding towards the group's community activities and Link Power enterprise in Halcon. 850 Homes 2500 People.	Kids Activity Days – 90 children per 6 days Brunch Club – 15 per session 20 events Coffee Mornings – 15 per morning 12 events Link Kitchen – 20 per day 250 days (M-F) Bingo – 40 per week 50 events Halloween event – 450 drop-in attendees Community Christmas part – 85 Christmas tree light switch on - 60 Centre visitors of over 6,000 drop-ins with specific help levels consistent with the monitoring data for 2018/19. Produce Newsletter for each household 4 per year to promote events and wellbeing in Halcon, Lambrook and Lane estates.	Agreement for 22K in 2017 1 year + 4. Extension 19/20 for 14500.	No concerns from due diligence. Ability to report outputs has improved Considerably detailed breakdown of the numbers using the different services provided to SCF. Management strengthened.
West Somerset Advice Bureau	30600	Core service benefits 4000 pa. Drop ins, appointments and home visits. Support Council in preventing homelessness and assist those in crisis	3 x 4 hour volunteer adviser advice sessions per week with 1 supervisor to support a team of up to 4 volunteers offering appointments & telephone advice, plus Attendance for 3hrs at support sessions	2017 One year funding agreement contract + 4.	Positive report from SCF. No concerns from due diligence. Recommends funding for a further year at current rate.

Organisation	Amount Awarded	Purpose of Grant	Outputs agreed	Length of contract	Review of performance
			<p>Employment Hub Watchet, Williton (Dulverton or Stogursey)</p> <p>Sessions would deal with 1500 cases pa</p> <p>Weekly targets</p> <p>12 x 1 hr generic advice appointments</p> <p>12 Telephone/email advice cases</p> <p>6 outreach drop in cases</p>		
Wiveliscombe Area Partnership	29710	Funding for the Wivey Link community transport scheme and the Community Office offering a range of information and advice and enabling delivery of outreach support services (SWT, ASP, legal advice, Village Agents). Providing support and space for local groups. 10 Parishes work base. provision of TDBC public access kiosk for advice on universal credit and other district council information and services	<p>Provision of a comprehensive community transport service</p> <p>Provision of the centrally located advice and information hub</p> <p>Provide volunteering opportunities</p>	2017 One year funding agreement contract + 4.	Over 4,500 passenger journeys recorded during the first six months of this year, a footfall of around 1,100 to the office, and over 4,000 volunteer hours logged. The charity is in a strong financial position surpluses (£200k). 6461 supported in previous year.
VCS Small Grants Fund (SCF)	20000	Total Grant fund £18000, administration £2000 as per contract.	<p>Majority of funding would support local VCS groups to alleviate disadvantage in the most deprived communities</p> <p>Minority of funding will build the capacity of the VCS groups</p>	Part of funding contract with SCF – See below	Monitoring arrangements unclear
Village Agents	20000	No funding agreement on file			
Citizens' Advice Taunton. One off	45000	Review of agreement carried out see Appendix B			

### 3.7 **Key findings from the review:**

3.7.1 There is inconsistency across annual grant proposals received in terms of clarity of outputs, outcomes and performance measures submitted by the partner organisations. The proposal document should be reviewed to capture this information.

- 3.7.2 The grant proposal document does not request sufficient information in relation to the longer term sustainability of projects, match funding and added value. This information would support decision making and ensure that grant funding provided by the Council is maximised for the benefit of the community. The grant proposal document should be reviewed during 20/21 to ensure this information is captured.
- 3.7.3 The annual monitoring reports and recommendations received by SCF require review. The reports received by the Council during 2019/20 do not contain sufficient information to understand and track performance against VCS Partnership Grant proposals and agreements. Information relating to the outputs of funded projects or organisations it essential to carrying out a benefit/value assessment of grants. Improved information will assist prioritisation and decision making.
- 3.7.4 There are concerns regarding one grant recipients governance and organisational structure. Members should consider the councils position in relation to awarding any further funding to this organisation while concerns remain.

### 3.8 **Citizens Advice Bureau**

- 3.8.1 The preceding table identifies the core grant funding that we provide to both CAT and WSA. In addition to this, during the current financial year, there was a need to provide an additional 'one-off' grant of £45k, split along the lines of £27k (approx.) going to CAT and £18k (approx.) going to WSA. This was prompted by the unexpected decision of SCC to cut the majority of their core grant funding to all CA services across the county. The SWT decision to allocate £45k was prompted by a need to help stabilise CA services, and to help them move towards a more sustainable financial future.
- 3.8.2 The report at Appendix B provides the detailed background to this decision, it looks at how CAT and WSA have responded to these financial pressures during the past 12 months, and looks to the future with a recommendation for some further financial assistance.

### 3.9 **Housing Revenue Account Funded Grants and Commissioned Services**

- 3.9.1 The Council funds several organisations to provide support services directly to tenants with the aim to support sustainable tenancies and improve the health and wellbeing of the Councils tenants, particularly in the Districts most deprived areas.
- 3.9.2 The Council has commissioned two services directly from Voluntary and Community Sector organisations. MIND provide the Bridging the Gap service and Yarlinton Housing Association provides the Inspired to Achieve Service.
- 3.9.3 The initiatives funded via the Housing Revenue Account during 2019/20 are as follows:

Organisation	Amount Awarded	Purpose of Project	Outputs agreed	Length of contract	Review of performance
Grant: Taunton CAB	42000	To provide Money Matters Advisers in Taunton East, Taunton North and Wellington, to the value of 15 hours per locality per week with a contribution to core running costs.	Work with the "One Teams"  Key outcomes: Value of debts written off Value of 'managed' debt Prevention of eviction proceedings Prevention of possession proceedings Maximising client income	1 year agreement	Carried out twice pa. Figures provided to SCF as part of current monitoring arrangements.

			Accessing charitable assistance Benefits advice		
Grant: Taunton East Development Trust	3000	Support to the Core Running Costs	Increased financially security Increased financial independence Increased provision of social, educational, health & wellbeing and recreational activities	No agreement on file at time of review.	None carried out.
Commissioned : MIND	41000	Bridging the Gap - support and advocacy for tenants suffering with mental health issues. Approximately 145 individuals per annum.  2400 hours per year including administration and management of no more than 70%	Deliver support and advocacy in relation to a range of issues (e.g. housing, benefits, accessing services, supporting independence) for tenants or members of a tenants household with mental health challenges	1 <sup>st</sup> Jan 2018 for 3 years + 2	During the first 2 years of the contract 183 service users were supported. This is short of the 290 target. Further monitoring information to be provided to assess support hours delivered.
Commissioned : Inspire to Achieve	46000	To work with Council Tenants living in the three One Team areas of East Taunton, North Taunton and Wellington to help them to move into sustained employment and off of work-related benefits.  500 engaged over 3 years average 175 per annum	Accept tenant referrals from SWT staff, One Teams, partners and self-referrals. To provide bespoke support and guidance to individuals. To support individuals during their first 6 months of employment.	Commissioned contract January 2016 for 3 years. Contract extended January 2019 for a further 3 years.	Feb 16 to Feb 16 209 referrals 131 engaged Feb 17 to Feb 18 183 referrals 109 engaged Feb 18 to Aug 19 51 referrals 32 engaged. Feb 19 to Aug 19 48 referrals 38 engaged  Average 60% engagement rate.  Awaiting figures for contract start to Aug 19 to confirm numbers supported into employment.

### 3.10 **Key findings from the review:**

3.10.1 The Council is working closely with both MIND and Yarlington to review the achievement of contracted targets and agree joint actions where required to ensure the funding is maximised.

3.10.2 Monitoring of some HRA funded initiatives should be strengthened to include regular review meetings with each grant recipient or contract service.

### 3.11 **Total funding provided to VCS organisations 19/20**

3.11.1 The total funding provided to the VCS during 19/20 is detailed in Appendix A and summarised below:

	Total Awarded £
VCS Partnership Grants	297520
VCS Small Grants	20000
HRA Housing Grants and Commissioned services	132000
Administrations of Small Grants, Partnership Grants and Somerset West Lottery Community Fund.	4965

### 3.12 **Review of current priorities for VCS grant awards.**

3.12.1 The Council currently finds a wide range of activities through the Voluntary and Community Sector.

3.12.2 These are summarised below:

- Money and Debt advice for tenants
- General Information Advice and Guidance
- Locality information and advice hubs (NT and Halcon)
- Housing advice and tenancy sustainment
- Domestic Violence
- Support for VCS organisations – training, funding searches, charitable status, project advice, forums, award events etc.
- Support for young families in rural areas
- Self-advocacy and engagement with disabled people.
- Supporting art projects
- Supporting community organisations/community hubs in deprived areas
- Supporting community organisations with seed funding for projects
- Contribution towards village agents
- Mental Health support and advocacy
- Employment, skills and training support for those farthest from the job market in deprived area
- Prenatal and perinatal support for young families in rural areas.

- Art projects and skills development for young people in deprived wards
- Social Enterprise support in Halcon
- Community transport in rural areas
- Somerset West Lottery
- Advice regarding Community Buildings and Village Halls

#### 4 **Other review findings**

- 4.1 A review workshop was held in December 2019 including members and officers the following are key findings from the review:
- 4.2 Several of the grants provided require more Scrutiny, there is the potential that some projects in some areas are duplicating or over providing. For example there are three Arts projects being delivered in Halcon funded via the General Fund, Housing Fund and One Teams.
- 4.3 Grant recipients should be encouraged through guidance and improved application processes to achieve match funding for projects sourced from external funding providers.
- 4.4 Due diligence checks carried out by SCF conflict with the understanding the Council has of the financial sustainability of some of the organisations the Council funds.
- 4.5 The need to support tenants with debt and money advice is increasing due to the changes introduced through Universal Credit and to support sustainable tenancies and a reduction in rent arrears.
- 4.6 The Council offers a range of support to the Citizens Advice Bureaus across general fund, HRA and homelessness reduction budgets. These arrangements and agreements should be consolidated to provide clarity and improve and simplify monitoring arrangements.
- 4.7 When prioritising future funding the geographical spread of funds, needs of the community and type of activity funded should to be fully considered to ensure funding is being utilised appropriately and effectively across the district.
- 4.8 Grant organisations should be encouraged to work more closely to avoid competition for funding and to reduce duplication or gaps in provision.

#### 5 **Future prioritisation of funds**

- 5.1 During a workshop officers assessed the current activities provided through grant funding, the group set out the activities in order of priority. The aim of this list is to act as a guide for decision making regarding 20/21 funding of the VCS and will help inform further review.

- Money and Debt advice for tenants
- Housing Advice and tenancy sustainment
- Support for young families in rural areas
- Self-advocacy and engagement with disabled people
- Mental Health support and advocacy
- Domestic Violence
- General information, advice and guidance

- Prenatal and perinatal support for families in rural areas
- Supporting community organisations/community hubs in deprived areas
- Support for Village Agents
- Advice for Community Buildings and Village Halls
- Social enterprise, skills and training support in deprived areas
- Supporting community organisations with seed funding for projects
- Employment skills and training support for those farthest from the job market
- Community transport in rural areas
- Somerset West Lottery
- Arts projects and skills development in deprived areas

6 **Budget available for Voluntary and Community Sector Grants 20/21**

6.1 The below budgets are proposed for 2020/21 and subject to approval during annual budget setting in February 2020.

	£
VCS Partnership Grants, Small Grants, Somerset West Lottery Community Fund administration	195870
Village Agents (final year) - £20,000	20000
HRA Housing Grants	132000
CAB additional funding	33000

6.2 **2020/21 Requests for Funding**

6.2.1 During November partners in receipt of VCS Grant Funds submit proposals for funding for the following financial year. The following requests for funding were submitted during November 2019.



## VCS Partnership and Small Grants

Organisation	Amount Awarded 19/20	Amount requested 20/21
Citizens' Advice Taunton	83610	119120
CLOWNS (WS).	1000	1000
Community Council for Somerset.	5400	5400
Compass Disability Services.	2700	2700
Engage (TD).	22500	Combined bid for 23500
Engage (WS).	1000	
Fuse Performance.	6000	6700
Homestart (WS).	1000	1000
North Taunton Partnership.	14500	14500
Taunton East Development Trust.	14500	20000
West Somerset Advice Bureau	30600	30600
Wiveliscombe Area Partnership	29710	35000
VCS Small Grants Fund (SCF)	20000	22000
Village Agents	20000	20000
<b>Total</b>	<b>252520</b>	<b>301520</b>

## Housing Funded Grants and Commissioned Services

Organisation	Amount Awarded 19/20	Amount requested 20/21
Citizens Advice Taunton – Money Matters Debt Advice for Tenants and core running costs	42000	42000
Taunton East Development Trust – Core running costs	3000	3000
MIND – Bridging the Gap for Tenants	41000	41000
Yarlington - Inspired to Achieve - Employment/Skills support	46000	46000

## Citizens Advice Bureau one off support grant – see Appendix B

Organisation	Amount Awarded 1920	Amount requested 20/21
Citizens Advice Taunton and West Somerset Advice	45000	33000

### 6.3 Allocation of budgets 2020/21

	<b>Total Proposed Award £</b>	<b>General Fund £</b>	<b>HRA contribution £</b>	<b>HRA funded £</b>	<b>General Fund Request £</b>
<b>Total Budget Available</b>		<b>215870</b>	<b>38978</b>	<b>132000</b>	<b>0</b>
Citizens' Advice Taunton including additional support requested	120610	75432	8178		33000*
CLOWNS (WS).	1000	1000			
Community Council for Somerset.	5400	5400			
Compass Disability Services.	2700	2700			
Engage (TD).	22500	22500			
Engage (WS).	1000	1000			
Fuse Performance.	6000	1200	4800		
Homestart (WS).	1000	1000			
North Taunton Partnership.	14500	2000	12500		
Taunton East Development Trust.	17500	2000	12500	3000	
West Somerset Advice Bureau	30600	30600			*joint award
Wiveliscombe Area Partnership	29710	28710	1000		
Village Agents	20000	20000			
VCS Small Grants Fund (SCF)	22000	20000			
Administration of VCS Partnership Fund	1770	1770			
MIND Bridging the Gap	41000			41000	
Yarlington Inspired to Achieve	46000			46000	
Citizens Advice Taunton – Money Matters	42000			42000	
Somerset West Lottery Fees/Gambling and Lottery commission	700				
<b>Total Awarded</b>	<b>425990</b>	<b>215312</b>	<b>38978</b>	<b>132000</b>	<b>33000</b>
<b>Balance Remaining</b>		<b>558</b>	<b>0</b>	<b>0</b>	<b>-33000</b>

## **7 Key findings from the review:**

- 7.1 Prior to 2019/20 the grant administration costs were funded via a different budget. Due to budget demands the administration costs are now taken from the overall VCS Grant budget from the General Fund.
- 7.2 The Council is obliged to give 3 months written notice of any change to levels or frequency of funding.

## **8 Links to Corporate Strategy**

- 8.1 The grant and commissioning support offered to the Voluntary and Community Sector support the achievement of the Councils Corporate Priorities Our Environment and Economy and Homes and Communities.
- 8.2 If it is recommended that the Council carries out a review of priorities for the funding available these should focus on the achievement of the specific objectives within the Councils Corporate Strategy.

## **9 Finance / Resource Implications**

- 9.1 The recommendation for a further one off grant of £33k to the Citizens Advice Service has been included within the Draft 2020/21 Budget Progress and Initial Budget Options report (also being considered on this agenda) as an MTFP bid for 20/21 only. Officer time has not been costed and it is assumed that the other recommendations regarding the review of SWT financial support for CA services and working with CAT and WSA to explore suitable accommodation options/support will be achieved within existing budgeted resources
- 9.2 There have been no further proposed increases in the Voluntary and Community Sector Grants budget for 2020/21 and therefore the grants allocated will need to remain within the budget set out in the table in 6.1.

## **10 Legal Implications**

- 10.1 The Council enters into a legally binding agreement with each recipient of a partnership or housing grant and with Somerset Community Foundation to administer the Partnership Grant. Legal advice is sought from the Shape Partnership annually to produce legal agreements, extensions to agreements or agreement variations.
- 10.2 The Council is obliged to give 3 months' notice in writing to terminate any funding agreement or to notify of a change to levels of funding provided.

## **11 Climate and Sustainability Implications**

- 11.1 If it is recommended that further review of the priorities for future grant funding is carried out during 20/21 the review must take into consideration the Councils declaration of a Climate Emergency and aim to ensure the services delivered through grant funding support the delivery of our Carbon Reduction targets, including consideration of travel, infrastructure, and preservation of the environment.

## **12 Safeguarding and/or Community Safety Implications**

- 12.1 Several of the grants already provided by the Council have an impact on reducing crime and antisocial behaviour, in particular within our highest demand wards.
- 12.2 Applicants for funding are required to provide safeguarding policies with their application and funding agreements place obligations on the grant recipients to ensure sufficient safeguarding practises and DBS checks are in place.

## **13 Equality and Diversity Implications**

- 13.1 When considering applications and funding proposals officers assess impacts and methods of delivery of the services provided to ensure that they eliminate discrimination, advance equality of opportunity for disadvantaged groups and individuals and support cohesive communities.

## **14 Social Value Implications**

- 14.1 By the nature of the services delivered and organisations delivering the services the grants have positive implications for the community in terms of social value, for example supporting volunteering, apprenticeships, skills and training of local people.

## **15 Partnership Implications**

- 15.1 Officers work closely and in partnership with grant recipients to ensure the funding is maximised for the community and the services delivered link closely and are delivered in line with Councils services.

## **16 Health and Wellbeing Implications**

- 16.1 The services provided via the Council grants support positive impacts on the Health and Wellbeing of communities across the district, especially those that are disadvantaged and living in deprived areas or areas with restricted access to services.
- 16.2 During further review of priorities for the Councils VCS grant support the criteria for grants could be reviewed to include funding services that support:
- People, families and communities taking responsibility for their own health and wellbeing
  - Families and communities are thriving and resilient
  - People are able to live independently.

## **17 Asset Management Implications**

- 17.1 No asset management implications. Protection and best use of our assets should be a consideration during any further review of the priorities for grant funding.

## **15 Data Protection Implications**

15.1 Many of the services the Council currently funds hold and maintain sensitive information regarding customers and clients. Grant recipients are obliged to following regulations and guidance in relation to GDPR.

## 16 Consultation Implications

16.1 If a further review is recommended consultation should be carried out with key organisations, groups and individuals within the community to understand community need and help shape the priorities for any future funding.

### Democratic Path:

- **Scrutiny / Corporate Governance or Audit Committees – Yes**
- **Cabinet/Executive – Yes**
- **Full Council – Yes**

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

### List of Appendices (delete if not applicable)

Appendix A	Voluntary and Community Sector Grants summary 2019/20
Appendix B	
Appendix C	

### Contact Officers

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## **APPENDIX A**

### **Voluntary and Community Sector Grants 2019/20**

	Total Awarded	General Fund	HRA
Citizens' Advice Taunton.	83610	75432	8178
CLOWNS (WS).	1000	1000	
Community Council for Somerset.	5400	5400	
Compass Disability Services.	2700	2700	
Engage (TD).	22500	22500	
Engage (WS).	1000	1000	
Fuse Performance.	6000	1200	4800
Homestart (WS).	1000	1000	
North Taunton Partnership.	14500	2000	12500
Taunton East Development Trust.	14500	2000	12500
West Somerset Advice Bureau	30600	30600	
Wiveliscombe Area Partnership	29710	28710	1000
Village Agents	20000	20000	
VCS Small Grants Fund (SCF)	20000	20000	
Citizens' Advice Taunton. One off	45000	45000	
<b>Totals</b>	<b>297520</b>	<b>258542</b>	<b>38978</b>

#### **Administration and Monitoring Costs**

\*Does not impact on Council budgets as taken from Lottery ticket sales

	Total Amount Granted	General Fund	HRA
SCF Administration of SLAs	1560	1560	-
SCF Administration of Small Grants	2000	2000	-
Somerset West Lottery admin Fees*	2400	2400	-
Licensing Fees-Gambling Commission	350	350	-
<b>Total</b>	<b>7510</b>	<b>7510</b>	<b>-</b>

#### **HRA Commissioned Projects**

	Total Awarded £	General Fund £	HRA £
Taunton CAB – Debt Advice for Tenants	42000	-	42000
Taunton East Development Trust	3000	-	3000
MIND - mental health advocacy	41000	-	41000
Inspire to Achieve - Employment/Skills support	46000	-	46000
<b>Total</b>	<b>132000</b>	<b>-</b>	<b>132000</b>

## **APPENDIX B**

### **Report to Shadow Scrutiny – Jan 8<sup>th</sup>**

**(note: this to be included as part of a report looking at a review of VCS funding)**

**Citizens Advice Services – impact of Somerset County Council cut to core grant, progress being made by Citizen Advice services, and options for further SWT financial assistance**

#### **CA related Recommendations**

- A. Jointly commission (with other districts/Somerset County Council) a consultant to work alongside Citizen Advice (CA) services to explore different ways of delivering service outcomes, including looking at transformation, technology and interventions to reduce demand and to deal earlier with some of the issues that are creating demand. Work to start in early 2020 and be completed by July 2020
- B. Provide another 'one off' grant of a minimum of £33k in order to: fund consultant; help maintain Local Assistance Scheme; and to provide capacity to enable CA managers to engage with consultant and transformation related work
- C. Undertake a comprehensive review of SWT financial support for CA services during Summer/Autumn 2020, once we are in receipt of the consultant's report
- D. SWT to work proactively with Citizens Advice Taunton (CAT) and West Somerset Advice (WSA) to explore suitable accommodation options / support.

#### **Background**

There are two Citizen's Advice Bureaus operating within the SWT geographical area.

- Citizens Advice Taunton (CAT) – based at Hammet Street, Taunton
- West Somerset Advice (WSA), based at Market House Lane, Minehead

During Autumn 2018, Somerset County Council (Adult Social Care) decided to cut their core grant funding to all Citizen Advice (CA) services operating across the county (note: Somerset County Council [SCC] still provide some core grant funding to CAs via Public Health). Core grant funding is used to pay for costs such as rentals, utilities and salaries (for managers and supervisors). SCC also cut a significant element of funding to the Local Assistance Scheme (LAS). The LAS is used to provide white goods, clothing and travel expenses (etc.) to the most vulnerable.

Subsequent to the SCC cut, meetings were held between the CAs and the District Councils to explore what could be done in both the short and long term to mitigate the effects of the cut and to protect the services going forward.

Consequently, and in the short term, additional one-off funding (for 2019/2020) was provided to the CA's by the District Councils to mitigate the worst effects of the cut. The levels of funding provided were as follows:-

- South Somerset District Council – CA South Somerset £32,000
- SWT - CAT: £25,027
- SWT - WSA: £17,702
- Mendip District Council – Mendip CA £11,447
- Sedgemoor District Council – Sedgemoor CA £35,000

The background to the SWT consideration of these SCC financial cuts, together with a detailed breakdown of our funding offer, can be found within the report to Shadow Scrutiny during January 2019

<https://democracy.somersetwestandtaunton.gov.uk/ieListDocuments.aspx?CId=135&MId=48&Ver=4>

There were stated expectations around the release of the SWT additional funding. These related to cost savings to be explored via

- CAT and WSA working more closely together
- All CAs across the county exploring efficiencies through closer working arrangements

The purpose of this report is to provide members with an update on progress, together with suggestions for additional SWT financial support during 2020/21

## 1. Discussion

### Impact of SCC cuts

During the past year, CAT and WSA have had to make the following cuts to service delivery:

#### CAT

- Office closure 1day per week (dpw)
- Staff cuts totalling £30k
- Deficit budget projections

#### WSA

- One Outreach worker cut and hours reduced £6,134
- Deficit budget projections

### SWT Financial Support to CA Services

Current SWT funding arrangements for CA services are detailed in the table below:

SWT financial support to CA services (2019/20)		
Advice Service	Core Grant	Other Funding
CAT	£83,610 (75,432 General Fund, 8,178 Housing Revenue Account)	£42k pa Money Matters advice for the three One Team areas (Housing Revenue Account) £12k pa Housing Options for prevention (debt) advice £27k – one off funding (see below)
WSA	£30,600	£51k – over 2 years via Hinkley Point C mitigation funding – money and debt advice for those in the private rented housing sector £18k – one off funding (see below)



## Progress made by CAT and WSA in relation to the one-off funding (£45k total)

CAT and WSA have used this money as follows (the figures below are approximates):

<b>CAT</b>	
Fund raising consultant, to independently generate more income	£5k
1/2 day extra Chief Executive Officer (CEO) time- to pursue grant objectives re partnership working	£4k
Human Resources system to further align ourselves with CA South Somerset	£3k
LAS contribution	£6k
Salaries, to help maintain service and provide capacity for manager to pursue grant objective re partnership working	£10k

<b>WSA</b>	
LAS contribution	£6k
Backfill manager with deputy 1 dpw	£5.3k
Change of affiliation – associated costs	£4k
Training – new systems	£3k

Perhaps more importantly, the money has provided valuable capacity to explore a number of initiatives and proposals. The text below has been provided by CAT and WSA

*Citizens Advice Taunton and West Somerset working together*

- West Somerset Advice to move into the Citizens Advice network to provide a joined up advice and local assistance service to all residents within the Somerset West and Taunton Area. Bringing the offices closer together by virtue of that similarity.
- Established a joint liaison panel with the local authority, Department of Work and Pensions (DWP) & Citizens Advice Taunton and West Somerset. Vulnerable client process now extended to West Somerset residents.
- Supporting joint pieces of work i.e. housing debt and council tax debt functions, workers have met to support each other.
- Campaign and research work co-ordination
- Two organisations to explore and identify costs savings through working more closely together. The boards are in communication and are exploring contracting to offer services to each other to save costs. The work of the consultant (see section x below) would be particularly helpful to explore this area of joint working.
- We now use the same reporting framework to easily show delivery of services across the whole council area.
- Hold single monitoring meetings with council officers - these meetings have been valuable to raise emerging issues and discuss how the partnership between the authority and Citizens Advice can be progressed.
- West Somerset Office works to assist people to make homelessness applications as access to the service in Williton is restricted to two afternoons. The Local Assistance Scheme provides funding for travel to Taunton or Williton where this cannot be avoided.
- Identifying other, manageable, progressive steps to ensure effective liaison between the offices.

## Countywide initiatives

- Joint provision of services i.e. telephone advice and web chat or development of other specialist services. West Somerset has recruited an adviser who will work in a joint hub when this has been developed and funding has been identified to support supervision of the service. Meeting scheduled was postponed by National Citizens Advice and we are awaiting a new date
- Working as a county wide group of CA offices to pursue funding from county wide commissioners, for example the potential NHS Transformation Fund that Somerset might secure. The chief officers have taken responsibility for various commissioning and funding opportunities, Leave to remain immigration funding to financial inclusion policy work with County Council. Lobbying county Councillors with impact reports and working with Public Health on future funding.
- Funding bid in progress to work with Community Mental Health Teams offering welfare benefit/money advice decision in January 2019. This will require recruitment and will not cover core costs.

## Citizens Advice Taunton

### Fundraising strategy

- We're taking the responsibility to create new income for ourselves, to relieve expectations on our existing funders, the largest of which is SWT. As such we have invested in a fundraising consultant, with an excellent track record (and with whom we previously improved the charity's finances by £30k pa, which for us is a large number), to help us establish a sound, ongoing, strategy for this. This will have two strands; trusts and corporates. Trusts are somewhat saturated, as is the norm at times of economic downturn, so we're working on the quality of our evidence base to show our positive impact on the current support needs of our community, and the negative gap in service provision that we would leave if we reduced our service. Corporates are a new prospect for us, and requires a brand new strategy. An analysis of local prospects will lead to a targeted approach to particular sectors / companies. We've had some early success which is encouraging.

### Increased CEO time (re partnership working with other CA offices)

- In addition to WSA comments re West Somerset and Taunton offices, and our county wide work; this time has been spent progressing our partnership prospects with South Somerset office. We are now at a point where Trustees will decide whether to formally pursue a merger. The results we are aiming for from the increase in scale are these; a better designated management team, with more contingency for absence / vacancy, which is more capable of maintaining stable service delivery during turbulence; an organisation which can credibly bid for larger and therefore more lucrative contracts ; better retention of talent, given that more opportunities / vacancies will exist; removing governance duplication (audit, trustees annual report, policy approval, regulatory reporting), some cost savings.

### HR system

- A fundamental part of our progress towards merger with South Somerset is infrastructure, and one of the most expensive changes required was an HR system. Between us we have ~150 staff, and the management time involved in overseeing them is considerable (training, quality assurance, legal compliance etc.). Having an electronic system saved time, and having the same one is a definite pre-cursor to harmonising how we do that, and

## *West Somerset Advice*

The additional stop gap funding gave a breathing space to enable the charity to put together a forward plan. In addition to the work undertaken with our Citizens Advice partners we have used the money in the following ways.

### Internal changes

- West Somerset has completely restructured the service reducing staff hours for non-project funded posts. One staff member applied for voluntary redundancy.
- The application to join Citizens Advice was accepted and in April 2019 the organisation started to work as part of the national network. This is a provisional membership in the first year with a review and acceptance to permanent membership expected in 2020. This application has involved changing case management system to enable CA Taunton and the whole network to view case records and visa-versa. This is enabling better working between West Somerset and Taunton as we no longer duplicate work and can work effectively together for local residents who may contact both centres.
- We will use the same reporting system as CA Taunton which will enable reports to be provided based on the same data. The production of reports will be a great time saving for management as they are pre-formatted.
- As a result of the change of affiliation during 2019 the organisation has incurred double costs. **Costs £4,000**
  - Dual membership of Advice UK and Citizens Advice.
  - Double professional indemnity insurance costs
  - Double case management system costs, we were unable to migrate records to the new system. (we will need to retain this system for the next 6 years until all cases are archived – cost of £600 pa)
  - We will save this amount in the 2020-2021 budget as a result of this change.
- **Training cost £3,000** March & April was spent retraining staff to use the new system. The volunteers currently need much more support to reassure them that they are working within the correct procedures and able to use CA tools. Advisers need to retake all core advice modules to become accredited advisers for CA. This will take most of this year to complete.
- Moving to a new system has been too great a challenge for some of our volunteers and 4 have left as a direct result of the need to work electronically.

Back fill manager with deputy 1 day per week £5,304

Citizens Advice membership application

- Leadership self-assessment for permanent membership of Citizens Advice is on February 26<sup>th</sup> 2020. The paperwork systems will be checked for compliance with CA processes. We need to achieve an Amber rating and are on course to deliver this.
- AGM 28.11.19 the Citizens Advice model constitution was adopted and the local community is now invited into membership.

### Office move to Alcombe

- WSA are looking to move from their existing premises in the centre of Minehead. SWT and WSA came to terms regarding rental payments for the building at Alcombe that was previously used as a Children's centre. However, progress has been delayed due to:
  - Fire risk assessment – issues with fire exit (ownership of ramp)

- The building needs remedial work to put it into a good state of repair before we can take responsibility for service charge for any external repairs.

## **Emerging threats to the CA Services**

Whilst the full impact of the cuts is unlikely to be known until at least one year in, there are already a number of emerging concerns which potentially threaten the future stability / viability of our Citizens Advice services. The CA perspective is as follows:

- **Core service is becoming the poor relation**

The core 'front door' service of the CA's is chronically underfunded. The emphasis from a funders' perspective is moving increasingly to project, not core funding. Meanwhile the CA's are facing increasing demand.

As the local authorities have been the principal source of this core funding, the loss of the County Council grant is proving a significant detriment to the availability and stability of the core service.

Despite the reduction in core funding the service continues to deliver positive outcomes for the district and its residents.

The CA managers are experiencing increasing pressure as they seek to fulfil their roles, putting in unsustainable levels of unpaid time. The CAs cannot run purely with volunteers and paid professionals are required to manage the volunteers and quality of advice given. Any further cuts to the number of paid advice supervisors will create a serious detriment to the service with a deep retraction of service availability.

Taking into account the savings measures already taken by the CA's (see Appendix A) to ensure the service can continue, if alternative sources of long-term key funding cannot be found, then the future of the CA is looking increasingly unstable.

- **Case Complexity**

The 'systems' (e.g. Universal Credit) that the CA's have to deal with on behalf of clients are now becoming so 'tight' that there is very little room for agencies to exercise discretion and take into account the individual circumstances of clients. This results in CAs' having to intervene on behalf of clients at a much earlier stage of an issue, due system inflexibility. This in turn creates more complex and time consuming caseloads that are resource heavy.

- **Pressure from changes to welfare policy**

The many and major changes in the welfare system are putting undue stress on the CA's but with no funding forthcoming. Somerset CA's are becoming increasingly concerned at the projected impact (demand / caseload complexity) of the full migration of Employment and Support Allowance (ESA) recipients on to Universal Credit.

- **Too much signposting and insufficient destination services**

There has been a recent trend in Somerset of creating posts where a significant part of the role is to signpost their clients to other services. This is creating unsustainable demand, as there are insufficient destination services to signpost clients to, thereby putting a disproportionate amount of pressure on the CA's as one of the few destination services available to vulnerable clients.

- **Volunteer capacity and capability**

As case work becomes more complex and time consuming, recruitment of volunteers with the required skills and mental agility is becoming more difficult. Whilst this is the experience across the county, it is a particular problem in West Somerset.

- **LAS Funding**

As part of the County cut, the Local Assistance Scheme funding was also reduced; both the total available pot of discretionary grants awarded to beneficiaries and the grant to the CA's to manage the scheme. This resulted in the Districts matching the County's contribution to the management grant for 2019/20 and formed part of the one-

off additional funding provided by the District Councils. There is no guarantee that this funding will be available beyond 2020/21.

- **District and Public Health Core Funding**

CAs have concerns over the level of core funding provided by the district council and Public Health (the two remaining sources of such funding), as budget pressures continue across the public sector.

## **Way Forward**

Clearly CAs across the county are operating in a very challenging environment, both financially and with regard to systems that are placing ever-increasing demands on its services.

CAs (CAT, WSA and others across the county) have made good progress with pursuing a number of initiatives that will lead to integrated working and efficiencies. But more needs to be done, and at pace. It is acknowledged that this is difficult given that CAs are operating on very tight logistical and financial margins

District councils fully understand the importance of CA services – CAs support our customers with advice relating to housing, benefits, debt, employment and other matters. However, it also has to be acknowledged that district councils, including SWT, are operating themselves within an extremely challenging financial environment.

Strategically, as part of considering a way forward, it is acknowledged that whilst the District Councils have already stepped in with additional one-off funding, it cannot be expected that they would continue to pick up the costs / impacts of the SCC cut (which across the county, amounted to £419,286 including LAS)

Options that could be considered, whether individually or in combination, but which are not an exhaustive list, include:-

- a) That the District Councils consider, on an individual basis, increased core funding arrangements with their respective CA, commencing 2020/21, and that this is considered within individual MTFPs
- b) That the council's jointly consider commissioning a single CA service
- c) That SWT considers commissioning a single CA service for the SWT area
- d) That the District Councils match the County's management contribution for the LAS element - £6,480 per CA - for 2020/21 (subject to a satisfactory number of LAS grants having come into the Districts)
- e) That the councils jointly commission some support for the CAs to explore different ways of delivering the service outcomes, including looking at transformation, technology and interventions to reduce demand/deal earlier with some of the issues that are creating demand.

## **Proposal**

Of the options given above, the current preference is for option e) (note: this is a consistent view across Somerset – i.e. all districts and also involving the County Council). Option e) will bring in independent expertise to work with all CAs (and funding partners) with a view to informing a way forward. This will also include debate and consideration of options a) to d). It is anticipated that each partner will need to contribute between £5k and £8k to commission a consultant. This work will commence in early 2020 and be completed by July 2020, to inform the Medium Term Financial Plan (MTFP) and a review of our core grant funding for CA services. The brief for this work will be developed in Jan 2020, to be co-designed with CA services

However, in order to support this, the following will also be required:

- Option d) i.e. continued match funding (with SCC) of the administrative support to the LAS. The cost of this is £6.5k (approx.) x 2 i.e. £13k
- A sum of money to provide capacity for CA managers to engage with the work of the consultant (option e). It is recommended that a sum of £6k x 2 (£12k) be released to facilitate this additional capacity.

In summary and in total, it is proposed that an additional £33k be provided to support CAT and WSA during 2020/21. This money will be released within a Letter of Agreement between SWT and CAT/WSA.

In addition, SWT can also add value by assisting both CAT and WSA with conversations relating to their accommodation requirements. It has been mentioned earlier that WSA are looking to move to Alcombe (Minehead), subject to resolving issues around fire risk and remedial works to the building. Alcombe is within SWT ownership. CAT are currently based at offices on Hammet Street. It may be that the public sector could assist CAT with accommodation options, should they wish to move in the future. Certainly, we should remain alert to opportunities (across the public sector estate) and proactive in such conversations.

# Somerset West and Taunton Council

## Scrutiny – 8 January 2020

### Financial Monitoring – 2019/20 as at 30 November 2019

This matter is the responsibility of Executive Councillor Henley, Corporate Resources

Report Author: Emily Collacott (Finance Business Partner and Deputy S151 Officer)

#### 1 Executive Summary

- 1.1 This report provides an update on the projected outturn financial position of the Council for the financial year 2019/20 (as at 30 November 2019).
- 1.2 Monitoring the budget is an important part of the Council's performance management framework. Reporting is undertaken regularly to the Senior Leadership Team, with periodic reporting to Scrutiny and the Executive Committee. Reporting is primarily 'by exception' and focusses on the forecast position for the year as a whole compared to the Annual Budget. Forecasts are compiled by budget holders, with support and advice as appropriate from finance specialists (accountants) and case officers. Forecasts will take into account known / committed items as well as assumptions about future performance and demand.
- 1.3 The current revenue forecast outturn for the financial year 2019/20 is summarised as follows. These are the best estimates at month 8 of the financial year based on information currently available:
  - a) General Fund (GF) Revenue Budget = forecast net overspend of £36k.
  - b) Housing Revenue Account (HRA) Revenue Budget = forecast net underspend of £378k.
- 1.4 The current Capital Programme forecast position for 2019/20 is as follows:
  - (a) The General Fund Capital Programme budget is £56.734m. No significant variations to budget are currently reported.
  - (b) The HRA Capital Programme budget for 2019/20 is £23.093m. As previously reported, it is expected costs will be phased over more than one year so a proportion of the budget will need to be carried forward at the end of the financial year.

The Capital Programmes are shown in detail in Appendices A and B.

- 1.5 The General Fund general reserves balance as at 31 March 2020 is projected to be £2.756m (subject to risks identified). The opening balance has been adjusted due to an

accounting error correction in last year's accounts, as explained in this report. The balance is below the operational target of £3m, but above the financial resilience target of £2.4m as approved in the Council's Financial Strategy in September 2019.

- 1.6 The General Fund earmarked reserves balance at the beginning of the year was £18.242m. The net movement in year is currently an increase of £3,954m, mainly contributions to the New Homes Bonus (less the agreed contribution of £747k to fund staff costs) and Business Rates Smoothing earmarked reserves. A number of allocations from reserves are applied at the end of the financial year and will be included in the Outturn report at that stage.
- 1.7 The Housing Revenue Account (HRA) general reserve balance as at 31 March 2020 is projected to be £3.07m (subject to risks identified). This is above both the current recommended operational target level (£2.4m) and financial resilience target level (£1.8m) set within the Council's Finance Strategy and HRA Business Plan.
- 1.8 The HRA earmarked reserves balance at the beginning of the year was £2.719m, with £1.369m committed to be spent within the next three years and the remaining £1.340m for the Social Housing Development Fund will be used as required to fund social housing development.

## **2 Recommendations**

- 2.1 It is recommended that Scrutiny notes the Council's forecast financial performance and projected reserves position for 2019/20 financial year as at 30 November 2019.

## **3 Risk Assessment**

- 3.1 Financial forecasts are based on known information and projections based on assumptions. As such any forecast carries an element of risk. The current forecasts included in this report are considered reasonable, and based on experience it is feasible the year end position could change, where it is reasonable to assume volatility of say +/- £100k compared to the mid-year forecast.
- 3.2 Salient in year budget risks are summarised in sections 8 and 11 in this report. The Council manages financial risk in a number of ways including setting prudent budgets, carrying out appropriate monitoring and control of spend, operating robust financial procedures, and so on. The Council also holds both general and earmarked reserves which include contingencies to manage budget risk.

## **4 Background and Full details of the Report**

- 4.1 This report provides the Council's forecast end of year financial position for revenue and capital expenditure as at 30 November 2019 for the Council's General Fund (GF) and Housing Revenue Account (HRA).
- 4.2 The regular monitoring of financial information is a key element in the Council's Performance Management Framework. Crucially it enables remedial action to be taken in response to significant budget variances, some of which may be unavoidable. It also provides the opportunity to assess any consequent impact on reserves and the Council's



## Medium Term Financial Plan.

- 4.3 Members will be aware from previous experience that the position can change between 'in-year' projections and the final outturn position, mainly due to demand-led service costs and income levels. The budget monitoring process involves a detailed review of the more volatile budgets and a proportionate review of low risk/low volatility budget areas.
- 4.4 Budget Holders, with support and advice from their accountants, regularly review the position and update their forecasts based on currently available information and knowledge of service requirements for the remainder of the year. As with any forecast there is always a risk that some unforeseen changes could influence the position at the year-end, and a number of risks and uncertainties are highlighted within this report. However, the following forecast is considered to be reasonable based on current information.

## 5 General Fund Revenue Budget – 2019/20 Forecast Outturn

- 5.1 The Council is currently forecasting an overall net overspend of £36k (0.2% of £22.3m Net Budget), as summarised below. The previous forecast as at Month 6 was a net overspend of £795k. This included £747k of additional staffing costs for which the Council subsequently approved a supplementary budget increase in December 2019, and is therefore no longer reported as a variance.

**Table 1 - General Fund Revenue Outturn Summary 2019/20**

	Current Budget £'000	Outturn £'000	Variance	
			£'000	%
Performance and Governance	14,247	14,172	-74	-0.3%
Communication and Engagement	562	562	0	0.0%
Customer	-3,761	-3,542	219	1.0%
Localities	4,051	4,140	89	0.4%
Commercial Investment	2,005	2,166	161	0.7%
Strategy	687	687	0	0.0%
Transition and service resilience	747	747	0	0.0%
<b>Net Cost of Services</b>	<b>18,538</b>	<b>18,933</b>	<b>394</b>	<b>1.8%</b>
Interest and Investment Income	-969	-1,327	-358	-1.6%
Transfers from Earmarked Reserves	6,309	6,309	0	0.0%
Transfers from General Reserves	-65	-65	0	0.0%
Transfers from HRA	-10	-10	0	0.0%
Capital and Other Adjustments	-1,471	-1,471	0	0.0%
<b>Net Budget</b>	<b>22,332</b>	<b>22,368</b>	<b>36</b>	<b>0.2%</b>
Funding	-22,332	-22,332	0	0.0%
<b>Variance</b>	<b>0</b>	<b>36</b>	<b>36</b>	<b>0.2%</b>

- 5.2 The table below provides more detail on the significant variances forecast for the year.

**Table 2 - Summary of Significant Forecast Variances for the Year**

	Staffing £'000	Other Expenditure £'000	Income £'000	Total £'000
Members allowances	n/a	21	0	21
Operational Rota	16	0	0	16
Operation Clean Sweep	n/a	50	0	50
Phase 2 Information Project	n/a	20	0	20
B&B/Homelessness	n/a	130	0	130
Performance & Governance	n/a	50	0	50
Pest Control	n/a	-17	46	29
Community Grants	n/a	10	0	10
Insurance	n/a	-295	0	-295
IT Comms	n/a	170	0	170
Community Safety	n/a	10	0	10
Pollution Control	n/a	10	0	10
Welfare Funerals	n/a	0	19	19
Shopmobility	n/a	-20	0	-20
Car parking	n/a	-193	240	47
Asset Management and Facilities	n/a	161	0	161
Council Tax Collection	n/a	0	-100	-100
Deane Helpline	n/a	0	29	29
Visitor Centres	n/a	0	7	7
Building Control	n/a	0	-40	-40
Housing Partnership	n/a	69	0	69
Interest Receivable	n/a	0	-61	-61
Interest Payable	n/a	-297	0	-297
<b>TOTAL – over / (-)underspend</b>	<b>0</b>	<b>-103</b>	<b>139</b>	<b>36</b>

5.3 The main variances to budget are explained as follows:

- a) **Members Allowances:** The allowance scheme agreed in March 2019 and executive arrangements approved by Members in May 2019 is projected to cost £21k more than the original budget assumptions and estimate set by the Shadow Council in February 2019.
- b) **Operational Rota:** An increase in the standby payments has been applied to ensure that we have the necessary skills and resources available. The payment had not be altered for some time and had fallen behind what is reasonable for the commitment required when undertaking this role.
- c) **Operation Clean Sweep:** Additional costs associated with an intensive clean up, repair and refurbishment of Taunton's street scene and wider public areas, carried out during Spring 2019. The intensive cleaning equipment used as part of this work has also been deployed in other parts of the district.
- d) **Phase 2 Information Project:** This work is required for GDPR compliance and will cost an additional £20k.

- e) **B&B Homelessness:** The cost of Bed and Breakfast expenditure is forecast to exceed the budget by £130k which is an increase of £48k from the last report.

Questions were raised at Full Council on 3rd December about B&B costs. A full written response has been provided on this. However we have provided a detailed summary of that response below to better explain the budget pressures.

Homelessness has risen nationally in England by around 25% between 2016 and 2018 and with it, the rise of B&B accommodation bookings and elongated stays. Some of the reasons for this increased demand and cost are:

- Increased timescales in the Homeless Reduction Act
- Legislation which states we have to place clients who are suspected to be homeless and have a priority need in emergency accommodation pending investigation has caused the need for B&B use to rise.
- General increase in rents alongside increase in private landlords serving s21 notices to end private tenancies.
- Resistance of landlords both social and private, to accept clients who are on Benefits, this has been exacerbated by the uncertainty for landlords with Universal Credit.

The introduction of the Homelessness Reduction Act in April 2018 has disproportionately affected our district and resulted in an overall increase in cases for advice and assistance of 130% in Somerset West and Taunton. Last year we overspent our B&B budget by £330,000 and this year we have much stronger control over this but are still heading for a £130k overspend. Reasons why our district has higher demand include the attraction and access of having a mainline train station, good support accommodation such as that provided by ARC and Open Door, a major hospital, additional demand due to the Hinkley project and a council with its own housing stock (and the perception of being able to get a council house). This year so far we have had 111 application clients in B&B accommodation. The service is very demand led and many landlords are reluctant to accept anyone with a chaotic history or on benefits, which lengthens time in B&B and runs up costs. The current cost of booking a room is around £80 per night. This works out at around average £560 a week per application however we often have larger families who require two rooms. The cost could be a possible £3360 if the booking is for the full 6 weeks period till we move the client on or £6720 if a two room family.

We have put in place a number of steps to better control this budget including training to ensure more consistent application of the policy by staff; increasing number of units of temporary accommodation and turning these around quicker; utilisation of tenancy sustainment officers to prevent tenancy breakdown and a private sector officer to work with letting agents to increase supply of private rented accommodation we can use. We have also recently negotiated better deals for B&B accommodation from one of our main suppliers. We are working hard to try and prevent the overspend increasing any further and we are planning to review the budget for B&B accommodation for 2020/21 to ensure it is realistic.

- f) **Performance & Governance:** As previously reported, a budget error has been identified that will be corrected for 2020/21 base position but results in a variance this year.
- g) **Pest Control:** The discretionary Pest Control service was previously operated with a subsidy as the cost of delivering it exceeded the income. The historic income budget of £29k was not removed when the budget was set, despite the service ceasing. This will be corrected for 2020/21.
- h) **Community Grants:** Grants offered have marginally exceeded the budget.
- i) **Insurance:** Following procurement of updated insurance arrangements for the new authority, premiums have significantly reduced. Insurance cover levels have been maintained so this represents a significant saving. The total savings for the General fund are £295k.
- j) **IT Comms:** BT costs account for the majority of the projected overspend, most of which is due to lines no longer being recharged out to individual areas. In addition there are 200 more mobile phone contracts than originally budgeted, and the requirement for 8x8 licences was underestimated with 150 more 8x8 standard users than budgeted. Officers are currently reviewing mobile phone usage with the aim of reducing the number of phones in use as well as working with Vodafone to review contracts to control and reduce costs. We are also updating our policies on the use of mobile phones for different roles and on ICT usage generally. This will help to reduce costs in-year.
- k) **Community Safety:** This is mainly the result of insufficient inflation costs estimate within the budget for the CCTV contract.
- l) **Pollution Control:** Private water sampling income is lower than budget as at the end of September as we are a bit behind on our expected delivery of work at the mid-year point. This will be impacted further in the near future due to staff turnover.
- m) **Welfare Funerals:** This is mainly due to income held awaiting a probate claim by relatives which wasn't carried forward from last year.
- n) **Shopmobility:** The contract is below the amount budgeted for and no further costs are anticipated, providing a net underspend for the year.
- o) **Car parking:** Income is currently forecast to be under budget and parking enforcement contract costs are also expected to exceed the budget estimate. This is partly offset by a net underspend on maintenance and business rates.
- p) **Asset Management and Facilities:** The overspend is mainly due to additional security implemented at West Somerset House in Williton for health and safety reasons, costs of business rates negotiations which will yield savings in the longer term, and professional advice on asset based projects and cases such as valuations as backlog cases are addressed and key projects progressed.

- q) **Council Tax Collection:** Income is expected to overachieve by £100k. An increase in courts held this year has resulted in a £43k overachievement against annual budget. A further 2 courts are planned later in the year. Some of this income over-recovery is a one-off which is catching up on a backlog from the previous year when fewer courts were held whilst Transformation took place. The income to date is currently showing in CIVICA and is the income due (i.e. that will be collected via council tax bills). The income forecast is a conservative estimate and as such should allow for any debt not recovered
- r) **Deane Helpline:** Income is expected to underachieve the budget by £29k. Customer numbers are remaining constant and charges have been increased in line with RPI, resulting in higher income than last year. However, the income target was increased by £94k from 18/19, which was above RPI and therefore the income budget set was unrealistic.
- s) **Visitors Centre:** Income is expected to under recover against budget by £6.5k. This may be recoverable depending on Christmas sales results, however ticket sales for concerts are expected to be lower due to the artists representing a younger more online demographic.
- t) **Building Control:** This is a result of an expected £40k refund from previous years' surpluses from the Partnership.
- u) **Housing Partnership:** The charge to the General Fund from the Partnership is £102k. The budget for 19/20 is only £58k and although the staffing budget was removed there was no increase in the budget for the staffing charges from Sedgemoor. In addition it appears the 18/19 charge was not accrued for and this adds a further £25k.

Officers are reviewing this budget to better understand the charges as there have been significant changes since 2018/19. Further clarity will be provided for the next report.

- v) **Interest Receivable:** Treasury investment income is forecast to exceed the budget by £61k. The S151 Officer plans to exercise further placement of cash balances in strategic funds planned to be held for the long term and producing higher returns than very low risk alternative investment options. This approach is in line with the approved Treasury Strategy.
- w) **Interest Payable:** The General Fund has had minimal need to externalise its borrowing requirement this year and continues to prioritise use of 'internal borrowing'. The current forecast assumes no additional external borrowing this year, however this may change depending the scale of capital expenditure in the second half of the year. It is likely that any external borrowing will focus on short term inter-authority lending which would keep costs to a minimum.

## 6 General Fund (GF) Reserves

- 6.1 Following the completion of the audit for the final accounts for Taunton Deane Borough Council, and accounting adjustment has been recorded in 2018/19 which amends the General Reserves balance transferred to SWTC on 1 April 2019. This amendment corrects an accounting error in respect of the debtors balance on 31 March 2019, which has reduced by £347k. The reserves balance transferred from Taunton Deane and West Somerset Councils on 1 April is therefore corrected to £2.857m.
- 6.2 The Financial Strategy approved in September 2019 introduced a new measure which provides an operational minimum reserve target as well as a minimum financial resilience balance. This recognises that reserves can provide resources during the year to address emerging costs and priorities not identified through the annual budget process.
- 6.3 As agreed in the Financial Strategy approved by the Executive in September 2019, we measure reserves against two targets – (i) a financial resilience minimum balance that should not be breached, and (ii) an operational target minimum balance that provides resources during the year if needed to address emerging costs and priorities not identified through the annual budget planning process. Table 3 below summarises the movement in GF General Reserves to 30 November 2019. The forecast balance as at 31 March 2020 is £2.756m, this would be £245k below the recommended operational minimum balance of £3m. The balance is only a forecast and can change which means it must be caveated at this stage. If the position at the end of the financial year remains below the recommended operational balance, plans will need to be implemented to increase reserves in future years.

**Table 3 - General Reserve Balance**

	<b>£000</b>
<b>Balance Brought Forward 1 April 2019 (as corrected per 6.1 above)</b>	<b>2,857</b>
Approved Transfers to date	-65
2019/20 Projected Outturn Variance – Month 8 Forecast	-36
<b>Projected Balance 31 March 2020</b>	<b>2,756</b>
Operational Minimum Balance	3,000
Projected Balance below recommended minimum	-245
Financial Resilience Minimum Balance	2,400
Projected Balance above recommended minimum	356

- 6.4 The projected balance remains above the minimum requirement for financial resilience purposes, but is projected below the operational target. It is important that the leadership team and Members consider the need to increase reserves in the short to medium term when considering financial decisions. The Draft 2020/21 Budget Progress and Initial Budget Options report on this agenda (see section 7) recommends transferring £300k to General reserves from the NHB reserves in 2020/21 to bring these back up above the minimum level. Advice from the S151 Officer is that Leadership should plan to allocate any General Fund underspend at the end of this financial year also to general reserves to improve financial resilience.

### **Earmarked Reserves**

- 6.5 The General Fund Earmarked Reserves brought forward balance for 2019/20 is £18.242m. In-year movements to date amount to an additional £3.954m, which included the recent approvals to fund the new Director posts, continued subsidy to the park and ride service in Taunton and funding of general fund staff costs from the new homes bonus. The current balance is £22.196m.
- 6.6 The following table details those reserves with balances greater than £500,000.

**Table 4 - GF Earmarked Reserves**

	<b>Opening Balance</b>	<b>Transfers To/From</b>	<b>Closing Balance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
New Homes Bonus	6,168	2,342	8,510
Business Rates Smoothing	3,547	2,869	6,416
General Funds General Carry Forwards	1,135	-1,135	0
Garden Town	944	0	944
Transformation	728	0	728
Transition	648	0	648
Affordable housing community land grant from MHCLG	576	0	576
Revenue Reserves held for Capital Projects	889	0	889
Other; with an individual balance less than £500k	3,608	-122	3,486
<b>TOTAL</b>	<b>18,242</b>	<b>3,954</b>	<b>22,196</b>

- 6.7 Earmarked reserves are reviewed during the year. This is in order to confirm they align to current priorities, and to identify any surplus balances that can be redirected to mitigate in-year financial risks or be returned to general reserves.

## **7 General Fund - Risk and Uncertainty**

- 7.1 Budgets and forecasts are based on known information and the best estimates of the Council's future spending and income. Income and expenditure over the 2019/20 financial year is estimated by budget holders and then reported through the budget monitoring process. During this process risks and uncertainties are identified which could impact on the financial projections, but for which the likelihood, and/or amount are uncertain. The Council carries protection against risk and uncertainty in a number of ways, such as insurances and maintaining reserves. This is a prudent approach and helps to mitigate unforeseen pressures.

- 7.2 The following general risks and uncertainties have been identified:

- a) **Fluctuation in demand for services:** We operate a number of demand-led services and the levels of demand do not always follow a recognisable trend. We therefore have to caveat the forecasts in these areas to account for fluctuations.
- b) **Forecasting Assumptions:** It is conceivable that, whilst budget holders are optimistic that they will spend all of their budget, experience shows we could see

underspends of £50k-£100k by year-end caused by the cumulative effect of minor underspends in a number of service areas.

- c) **Year-end Adjustments:** Certain items are not determined or finalised until the financial year-end. For example, the final assessment of provisions required for bad debts, and final allocations of support service recharges. These can result in potentially significant differences to current forecasts.
- d) **Business Rates:** There are inherent risks and uncertainties within the Business Rates Retention system. The Council's share of business rates funding is directly linked to the total amount of business rates due and collected in the area, which can fluctuate throughout the year and be affected by the result of Rateable Value changes e.g. as a result of Appeals.
- e) **Recruitment costs:** There is a risk of no savings within salary budgets to take into account these costs – these costs are normally covered by vacancy savings in-year.
- f) **Interest receivable:** This has been forecast on the basis that interest rates will remain as they are currently. However, interest rates are unpredictable and there is a risk that interest rates could decrease further, and investment fund performance is susceptible to financial markets.
- g) **Asset Management:** The budgets for maintaining our assets do not hold any contingency for significant unforeseen repairs or improvement works. Therefore if an event like the breach of the wall at Watchet Harbour occurs then these costs will need to be funded from reserves.

## **8 General Fund Capital Programme**

- 8.1 The current capital programme budget is £56.7m, which is to be funded by a combination of Capital Grants and Contributions, Capital Receipts, Revenue Funding, Reserves and Borrowing. No potential overspends have been identified at this stage.
- 8.2 The major growth and regeneration projects account for £39.4m of the total capital budget. Due to the nature of capital projects the costs are likely to be incurred over more than one financial year. Budget Holders are projecting that £12.7m will be spent during 2019/20 with the remainder due to be spent in future years. Within this total, the largest projects are: Coal Orchard regeneration, Great Western Railway development loan, Seaward Way development, Employment Site Enabling, Major Transport Schemes and Watchet East Quay development loan. There is also an amount of up to £7m identified in respect of planned loans to Somerset Waste Partnership, however it is probable that only £5m will be needed in practice.
- 8.3 The following table summarises the current capital programme and more detail is shown in **Appendix B**.



**Table 5 - GF Capital Programme Summary**

	SWTC Approved Budget 19/20	TDBC Schemes Brought Forward	WSC Schemes Brought Forward	19/20 suppleme ntary estimates /returns	Total
	£'000	£'000	£'000		£'000
Growth Programme	2,027	4,190	0	-4,400	1,817
IT Projects	154	544	354		1,052
Major Projects	7,500	16,257	6,362	7,460	37,579
Housing	1,695	2,703	567		4,965
Other Projects	398	486	463	-96	1,252
S106 – General			271	331	603
S106 – Hinkley Funded			3,539	-72	3,539
CIL – Infrastructure Projects	6,000				6,000
<b>TOTAL</b>	<b>17,774</b>	<b>24,180</b>	<b>11,556</b>	<b>3,224</b>	<b>56,734</b>

## 9 **Housing Revenue Account (HRA)**

- 9.1 The HRA is a ring fenced account used to manage the Council's housing stock of some 5,700 properties, with the Council acting as the Landlord.
- 9.2 Since April 2012, under the Localism Act 2011, the HRA has been a 'self-financing' account. This enables the Council to retain all rental income to meet the costs of managing and maintaining the housing stock, as well as meeting the interest payments and voluntary repayment of one-off debt of £85.12m incurred to become a 'self-financing' authority.
- 9.3 The HRA budget for 2019/20 is budgeted to break-even (net of approved transfers to/from HRA Reserves).
- 9.4 The current year end forecast outturn position for the Housing Revenue Account for 2019/20 is an underspend £378k. The Month 4 forecast was a £17k overspend and the Month 6 forecast was a £19k underspend.

**Table 6: HRA Outturn Summary**

	Budget	Outturn	Variance	
	£'000	£'000	£'000	%
Gross Income	(26,217)	(26,389)	(171)	0.7%
Service Expenditure	13,834	13,558	(277)	-2.0%
Other Operating Costs and Income	9,382	9,452	70	0.7%
Unearmarked Reserve Transfers	-	-	-	0.0%
Capital Financing and Debt Repayment	2,991	2,991	-	0.0%
Total	(10)	(388)	(378)	-1.5%

- 9.5 The variances forecasted for the year are described below.
- 9.6 **Interest Receivable:** the actual interest receivable in 2018/19 was nil due to internal borrowings exceeding investments. The expectation is that this situation will arise again and therefore a variance of £70k is now being reported.
- 9.7 **Right To Buy:** the original budget estimated that 46 properties would be sold to existing tenants under the RTB scheme. However the current forecast is that there will be only 36 RTB sales (34 sales in 2018-19; 53 sales in 2017-18). Therefore an under recovery of RTB admin fee grant income is being reported of £13k.
- 9.8 **Insurance:** following an authority wide re-tender exercise for insurance premiums the new authority has been successful at significantly reducing their annual premiums. It is estimated that a saving against budget of £180k will be seen across the HRA including leaseholders, shops and meeting halls.
- 9.9 **Rental and Service Charge Income:** an estimated over recovery of rental and service charge income of £171k has been identified based on extrapolating 35 weeks (out of 53 weeks) of invoicing data. These figures represent the amount invoiced to tenants (and not the amount of income collected) and is affected by levels of void properties and amounts of discounts applied to tenants accounts.
- 9.10 **Repairs and Maintenance:** Overall this is a very demand led and reactive service based on the needs of the tenants. There are also a number of uncontrollable variables associated with this service such as the weather (e.g. cold winters causing burst pipes), condition of properties when returned (e.g. void refurbishments), consumer demand on minor internal / external repairs (e.g. broken door or fence) and the type of repair work required. The current forecast is an underspend of £110k based on 8 months' worth of data, however it is highly likely this forecast will change and consequently this variance should be regarded with caution.

### **HRA - Risk and Uncertainty**

- 9.11 Budgets and forecasts are based on known information and the best estimates of the Council's future income and expenditure activity. Income and expenditure over the financial year is estimated by budget holders and then reported through the budget monitoring process. During this process any risks and uncertainties are identified which could impact financial projections, but for which the likelihood and/or amount are uncertain.
- 9.12 There are also a number of areas where the financial impact is not known until the end of the financial year such as depreciation charges and change in provision for bad debt.
- 9.13 The current areas of risk and uncertainty being reported include:
- 9.14 **Tenancy Management:** The current year spend to date is low against budget due to the embedding of a new team in a new operating model. There may be an underspend but this

will not be known with certainty until later in the year to allow the service time to explore the demands of this service against current budget provision.

- 9.15 **Interest Payable:** There is a risk that the HRA may need to externalise its internal borrowings from the general fund if the general fund needs to borrow internally from itself for any major schemes. The HRA may also need to take on more borrowing to finance capital schemes such as buybacks. As a consequence the interest payable may increase on any additional loans taken.
- 9.16 **Staffing Costs:** As reported to Full Council on the 3<sup>rd</sup> December 2019, the Council's leadership team identified ongoing financial pressures in order to protect service standards and maintain capacity whilst completing the safe delivery of expected service process efficiencies and greater customer access to self-service. The HRA's share of these transition and service resilience cost pressures for this financial year are estimated to be £339k. It is expected that this can be offset by underspends in other budget areas within the HRA.

## **10 HRA Capital Programme**

- 10.1 The HRA approved Capital Programme is £23.093m. This consists of £9.586m of new schemes approved for 2019/20 plus £13.507m of slippage from prior years. In addition, a supplementary budget was approved by Full Council on the 16 July 2019 for Laxton Road for £331k funded by RTB Receipts. The Capital Programme relates to schemes which will be completed over the next five years.
- 10.2 The Council is supporting this investment through the use of the Major Repairs Reserve, Capital Receipts, Revenue Funding and Borrowing.
- 10.3 **Appendix A** provides a breakdown of the HRA Capital Programme Outturn by scheme and the actual spend incurred within the first eight months of the year.
- 10.4 **Delegated Authority:** On the 8 Oct 2019 Full Council approved the request for the Housing Director / Head of Function in consultation with the Housing Portfolio Holder to be granted delegated authority to make changes to the profile of budgeted spend for all of the HRA capital schemes, whilst remaining within the approved Capital Programme for 2019-20. Any virements will be reported as part of Appendix A to SLT on a bi-monthly basis and to Members on a 4-monthly basis.
- 10.5 The capital programme can be split into three distinct areas:
- 10.6 **Major Works:** The original budget of £7.322m is funded by the Major Repairs Reserve and relates to spend on major works on existing dwellings such as kitchens, bathrooms, heating systems, roofs, doors and windows. Spend to date is £1.477m with a total spend projected to be £4.191m.
- 10.7 **Improvements:** The original budget of £2.710m is funded by the Major Repairs Reserve and relates to spend on improvements such as disabled facilities adaptations, asbestos removal and environmental improvements. Spend to date is £508k with a total spend projected to be £2.05m.

- 10.8 The estimated underspend or rather slippage of budget into 2020-21 seen for Major and Improvement Works at the end of the current financial year is £3.747m. This is due to the substantial disruption caused by transformation – implementing a new the staffing and operational model – and also due to the number of significant contracts for works coming to the end of their contract period during 2019-20 making it is necessary to review the delivery of capital works and improvements schemes in the future as part of the HRA Business Plan review.
- 10.9 **Social Housing Development Programme:** The original budget of £13.061m is for the provision of new housing through schemes such as North Taunton Regeneration, Weavers Arms and other buybacks to increase the Council’s housing stock. Spend to date is £4.632m with a total spend projected to be £7.112m. The estimated underspend at the end of the year is £5.503m, which will be carried forward into next year for further spend on existing schemes. There is an estimated underspend of £929k that is no longer required for completed schemes which will be returned, although approximately £152k of this will be requested to fund projected overspends on other schemes.

## 11 HRA Earmarked Reserves

- 11.1 The HRA Earmarked Reserves (EMR) at the beginning of 2019/20 were £2.719m (see **Table 2** below). Of this, half the funds have been have been specifically committed to be spent within the next three financial years. The other half relates to the Social Housing Development Fund which will be used as required to fund social housing development feasibility studies and usage approved through the Housing Programme Board.

**Table 7: Balance of EMR held at 1 April 2019**

Description	Balance b/f (£'000)
HRA Carry Forwards	186
HRA Electrical Testing	474
HRA Employment and Skills Dev	102
HRA One Teams	50
Leasehold Schemes HRA Advanced Payments	9
Social Housing Development Fund	1,340
HRA Contribution to Transformation	380
HRA Contribution to Transition	178
<b>HRA Total</b>	<b>2,719</b>

## 12 HRA General Reserves

- 12.1 The HRA reserves at the start of the year were £2.718m. This is £918k above the minimum recommended reserve level of £1.800m, providing a comfortable level of resilience in light of the significant contractual risk in relation to North Taunton.
- 12.2 **Approved In-Year Transfers** - On the 30 July 2019 Full Council approved a Structural Change to the Senior Leadership Team and one-off additional funding of £26k from HRA

general balances for 2019-20.

- 12.3 **Forecast Outturn** - The current outturn position is forecast to be an under spend of £378k. If this is the position at year end then this will be added to general balances, increasing them to £3.07m

**Table 8: HRA Reserve Balance**

	£k
Balance Brought Forward 1 April 2019	2,718
Approved In-Year Transfers	-26
Forecast Outturn 2019/20 (as at 30 Nov 2019)	378
<b>Forecast Balance Carried Forward 31 March 2019</b>	<b>3,070</b>
Operational Minimum Balance	2,400
Projected Balance below recommended minimum	670
Financial Resilience Minimum Balance	1,800
Projected Balance above recommended minimum	1,270

### 13 Links to Corporate Aims / Priorities

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

### 14 Partnership Implications

- 14.1 A wide range of Council services are provided through partnership arrangements e.g. SLM for leisure services and Somerset Waste Partnership for Waste and Recycling services. The cost of these services is reflected in the Council's financial outturn position for the year.

### 15 Other Implications

- 15.1 None for the purpose of this report.

#### Democratic Path:

- **Scrutiny – 8 January 2020**
- **Executive – 22 January 2020**
- **Full Council – No**

**Reporting Frequency: 4 Monthly**

#### List of Appendices

Appendix A	Housing Revenue Account Capital Programme
Appendix B	General Fund Capital Programme

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**APPENDIX A**

**HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME**

**AS AT END OF NOVEMBER 2019**

Project	Slippage from 2018-19	Original Approved Budget for 2019-20	Final Budget for 2019-20 (ROUNDED)	Supplements / Returns in 19-20	Proposed Virements in 19-20	Revised Budget for 2019-20	Spend YTD	Total Forecast	Slippage	Returns	Overspend / (Underspend)
<b>Major Works</b>											
HRA C Major Repairs & Improvem	68,489		68,490		1,301,980	<b>1,370,470</b>	450	0	1,370,470		0
HRA C Kitchens	5,312		5,310		344,690	<b>350,000</b>	(20,628)	352,000	(2,000)		0
HRA C Bathrooms	421	1,400,000	1,400,420		(950,420)	<b>450,000</b>	(13,403)	450,000	0		0
HRA C Roofing	61,638		61,640		38,360	<b>100,000</b>	1,961	99,080	920		0
HRA C Windows	4,678		4,680		95,320	<b>100,000</b>	0	69,625	30,375		0
HRA C Heating Improvements	9,401	1,625,000	1,634,400		(29,400)	<b>1,605,000</b>	484,357	739,795	865,205		0
HRA C Doors	160,052		160,050		(160,050)	<b>0</b>	8,383	0	0		0
HRA C Fire Safety Works Commun	590,615	1,172,000	1,762,620		(1,452,620)	<b>310,000</b>	194,008	230,365	79,635		0
HRA C Cladding	0		0		0	<b>0</b>	0	0	0		0
HRA C Fascias and Soffits	122,603	1,200,000	1,322,600		(572,600)	<b>750,000</b>	389,448	751,801	(1,801)		0
HRA C Air Source Heat Pumps	51,747		51,750		28,250	<b>80,000</b>	37,522	119,710	(39,710)		0
HRA C Door Entry Systems	2,107		2,110		434,890	<b>437,000</b>	173,250	436,766	234		0
HRA C Community Alarms	2,297		2,300		(2,300)	<b>0</b>	0	0	0		0
HRA C Insulation	1,775	800,000	801,780		(251,780)	<b>550,000</b>	76,807	551,807	(1,807)		0
HRA C Ventilation	39,567		39,570		60,430	<b>100,000</b>	57,454	97,552	2,448		0
HRA C Kitchen rep'd due to dam	2,834		2,830		197,170	<b>200,000</b>	55,038	185,038	14,962		0
HRA C Bathroom rep'd due to da	1,503		1,500		123,500	<b>125,000</b>	32,331	107,331	17,669		0
HRA C Underground Drainage	0		0		10,000	<b>10,000</b>	0	0	10,000		0
<b>Total Major Works</b>	<b>1,125,039</b>	<b>6,197,000</b>	<b>7,322,050</b>	<b>0</b>	<b>(784,580)</b>	<b>6,537,470</b>	<b>1,476,979</b>	<b>4,190,870</b>	<b>2,346,600</b>	<b>0</b>	<b>0</b>

Page 63

Project	Slippage from 2018-19	Original Approved Budget for 2019-20	Final Budget for 2019-20 (ROUNDED)	Supplements / Returns in 19-20	Proposed Virements in 19-20	Revised Budget for 2019-20	Spend YTD	Total Forecast	Slippage	Returns	Overspend / (Underspend)
<b>Improvements</b>											
HRA C Building Services Vehicl	105,879	121,000	226,880		0	226,880	0	200,000	26,880		0
HRA C Environmental Improvemen	100,624	321,000	421,620		(31,620)	390,000	26,838	226,527	163,473		0
HRA C Extensions	38,928	502,000	540,930		0	540,930	3,588	0	540,930		0
HRA C Electrical Testing	0	0	0		300,000	300,000	10,863	284,863	15,137		0
HRA C Parks	0	0	0		150,000	150,000	0	110,000	40,000		0
HRA C Meeting Halls	77,349		77,350		(27,350)	50,000	14,887	48,887	1,113		0
HRA C Garages	5,054		5,050		94,950	100,000	2,215	85,106	14,894		0
HRA C Sewerage Treatment Plant	20,000		20,000		(20,000)	0	0	0	0		0
HRA C Unadopted Areas	30,000		30,000		(30,000)	0	0	0	0		0
HRA C Related Assets	80,000		80,000		(80,000)	0	0	0	0		0
HRA C Scaffolding	0		0		200,000	200,000	49,106	199,513	487		0
HRA C Asbestos Works	221,406		221,400		228,600	450,000	207,612	424,813	25,187		0
HRA C Aids and Adaptations	28,272	61,000	89,270		0	89,270	2,791	65,000	24,270		0
HRA C DFGs	311,791	315,000	626,790		0	626,790	147,110	315,000	311,790		0
HRA C IT Development	371,046		371,050		0	371,050	43,182	135,000	236,050		0
<b>Total Improvements</b>	<b>1,390,349</b>	<b>1,320,000</b>	<b>2,710,340</b>	<b>0</b>	<b>784,580</b>	<b>3,494,920</b>	<b>508,191</b>	<b>2,094,710</b>	<b>1,400,210</b>	<b>0</b>	<b>0</b>
<b>Social Housing Development Programme</b>											
HRA C Social Housing Developme	3,048,020	2,069,000	5,117,020		(5,117,020)	0	0	0	0	0	0
HRA C Creechbarrow Road	246,202		246,200		0	246,200	(1,596)	(1,596)	0	247,796	0
HRA C Buybacks	3,920		3,920		4,241,510	4,245,430	2,580,500	4,373,000	0	0	127,570
HRA C Weavers Arms	493,804		493,800		0	493,800	(1,200)	39,756	0	454,044	0
HRA C TD North Taunton Phase A	6,923,307		6,923,310		0	6,923,310	453,190	1,979,883	4,943,427	0	0
HRA C North Taunton Phases B-E	0		0		0	0	1,430,596	0	0	0	0
HRA C 12 Moorland Close	227,951		227,950		0	227,950	0	0	0	227,950	0
HRA C Outer Circle	45,106		45,110		102,640	147,750	131,878	144,500	3,250	0	0
HRA C Laxton Road	61		60	331,230	772,870	1,104,160	10,236	547,900	556,260	0	0
HRA C Oake	3,601		3,600		0	3,600	27,990	28,335	0		24,735
<b>Total Social Housing Development P</b>	<b>10,991,972</b>	<b>2,069,000</b>	<b>13,060,970</b>	<b>331,230</b>	<b>0</b>	<b>13,392,200</b>	<b>4,631,594</b>	<b>7,111,778</b>	<b>5,502,937</b>	<b>929,790</b>	<b>152,305</b>
<b>HRA TOTAL</b>	<b>13,507,360</b>	<b>9,586,000</b>	<b>23,093,360</b>	<b>331,230</b>	<b>0</b>	<b>23,424,590</b>	<b>6,616,764</b>	<b>13,397,358</b>	<b>9,249,747</b>	<b>929,790</b>	<b>152,305</b>





Project	Approved Budget for 2019/20 £	TDBC Slippage from 2018/19 £	WSC Slippage from 2018/19 £	Revised Approved Budget for 2019/20 £	2019/20 Supplementary Estimates £	2019/20 Budget Returns £	2019/20 Budget Virements £	2019/20 Current Budget £	2019/20 Actual YTD £	2019/20 Dec - March Forecast £	2019/20 Total Forecast £	C/F to Future Years
<b>Total Major Projects</b>	<b>7,500,000</b>	<b>31,962,753</b>	<b>6,362,074</b>	<b>45,824,827</b>	<b>5,960,000</b>	<b>(15,705,526)</b>	<b>1,500,000</b>	<b>37,579,301</b>	<b>4,634,471</b>	<b>17,609,875</b>	<b>22,244,346</b>	<b>13,834,955</b>
<b>Housing</b>												
GF C Grants to RSLs	495,000	1,822,988		2,317,988				2,317,988	70,000	2,247,988	2,317,988	0
GF C DFGs Private Sector	1,200,000	880,336	566,525	2,646,861				2,646,861	0	2,646,861	2,646,861	0
GF C Decent Homes										0	0	0
<b>Total Housing Projects</b>	<b>1,695,000</b>	<b>2,703,324</b>	<b>566,525</b>	<b>4,964,849</b>				<b>4,964,849</b>	<b>70,000</b>	<b>4,894,849</b>	<b>4,964,849</b>	<b>0</b>
<b>Other Projects</b>												
GF C Special Expenses grants		11,000		11,000				11,000	0	11,000	11,000	0
GF C Youth Project Cap Grants		20,030		20,030				20,030	0	20,030	20,030	0
GF C Gypsy Site		108,502		108,502				108,502	0	108,502	108,502	0
GF C PT Longrun Meadow Bridge		4,200		4,200		(4,200)			0	0	0	0
GF C DLO Vehicles Acquisition	152,000	138,143		290,143				290,143	24,500	265,643	290,143	0
GF C Waste Containers	100,000	8,590		108,590				108,590	58,331	50,259	108,590	0
GF C Grants to Halls & Sports		30,367		30,367				30,367	1,518	28,849	30,367	0
GF C Grants to Parishes Play	15,000	27,830		42,830				42,830	0	42,830	42,830	0
GF C Replacement Play Equipme	76,740	7,308		84,048				84,048	5,682	78,366	84,048	0
GF C GF Community Alarms	31,000	17,982		48,982				48,982	7,404	41,578	48,982	0
GF C DLO Plant	23,000			23,000				23,000	0	23,000	23,000	0
GF C Brewhouse		37,328		37,328				37,328	0	228	228	37,100
GF C Crematorium Project		6,991		6,991				6,991	0	6,991	6,991	0
GF C Norton Fitzwarren Hillfor		17,472		17,472		(13,368)		4,104	4,104	1	4,104	0
GF C West Monkton Country Park		50,726		50,726				50,726	0	50,726	50,726	0
GF C East Wharf			66,611	66,611				66,611	0	66,611	66,611	0
GF C Superfast Broadband			170,000	170,000				170,000	0	0	0	170,000
GF C 7 The Esplanade			15,000	15,000				15,000	0	15,000	15,000	0
GF C Steam Coast Trail			114,604	114,604				114,604	9,490	105,114	114,604	0
GF C Stair Lift Recycling									0	0	0	0
GF C Cuckoo Meadow Play Area			1,103	1,103				1,103	0	1,103	1,103	0
GF C CASA			78,165	78,165		(78,165)			0	0	0	0
GF C Minehead Esplande			17,563	17,563				17,563	17,563	0	17,563	0
<b>Total Other Projects</b>	<b>397,740</b>	<b>486,469</b>	<b>463,046</b>	<b>1,347,255</b>		<b>(95,733)</b>		<b>1,251,522</b>	<b>128,591</b>	<b>915,831</b>	<b>1,044,422</b>	<b>207,100</b>
<b>GF C S106 Various</b>			<b>271,136</b>	<b>271,136</b>	<b>331,438</b>			<b>602,574</b>	<b>602,574</b>	<b>0</b>	<b>602,574</b>	<b>(0)</b>
<b>S106 Funded - Hinkley Schemes</b>												
HK C Westfield Street Caf			3,000	3,000				3,000	0	3,000	3,000	0
HK C South B/W & North Pethert			250,500	250,500		(102,074)		148,426	94,350	54,076	148,426	0
HK C Bridgwater Town Centre Su			54,278	54,278				54,278	22,062	27,476	49,538	4,740
HK C Holford & Dis VH - Fit fo			76,092	76,092				76,092	0	76,092	76,092	0
HK C Minehead TC - New Changin			382,047	382,047				382,047	121,270	0	121,270	260,777
Watchet Bowling			150,000	150,000				150,000	0	0	0	150,000
Williton Shooting Club			23,000	23,000				23,000	0	9,000	9,000	14,000
Cheddar PC			320,000	320,000				320,000	0	0	0	320,000
Bos & HB Council			350,000	350,000				350,000	50,000	100,000	150,000	200,000

Project	Approved Budget for 2019/20 £	TDBC Slippage from 2018/19 £	WSC Slippage from 2018/19 £	Revised Approved Budget for 2019/20 £	2019/20 Supplementary Estimates £	2019/20 Budget Returns £	2019/20 Budget Virements £	2019/20 Current Budget £	2019/20 Actual YTD £	2019/20 Dec - March Forecast £	2019/20 Total Forecast £	C/F to Future Years
Victoria Ward Green			51,428	51,428				51,428	51,428	0	51,428	0
North Petherton RFC Gym			300,000	300,000				300,000	250,000	50,000	300,000	0
Empty Homes & LOTS			90,000	90,000				90,000	0	15,000	15,000	75,000
Stogursey Leisure			1,301,125	1,301,125				1,301,125	209,237	600,000	809,237	491,888
Enterprising Minehead			187,672	187,672	30,000			217,672	217,672	0	217,672	0
Cannington Traffic											0	0
<b>Total S106 Funded - Hinkley Schemes</b>			<b>3,539,142</b>	<b>3,539,142</b>	<b>30,000</b>	<b>(102,074)</b>		<b>3,467,068</b>	<b>1,016,018</b>	<b>934,644</b>	<b>1,950,662</b>	<b>1,516,406</b>
<b>Externally Funded Projects</b>										0		
GF C CIL Grant										0		0
CIL - Cycle & Pedestrian Improvements	1,000,000			1,000,000				1,000,000		1,000,000	1,000,000	0
CIL - Education Provision	4,000,000			4,000,000				4,000,000	0	4,000,000	4,000,000	0
CIL - Public Transport Improvements	1,000,000			1,000,000				1,000,000	0	1,000,000	1,000,000	0
<b>Total Externally Funded Projects</b>	<b>6,000,000</b>			<b>6,000,000</b>				<b>6,000,000</b>	<b>0</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>0</b>
<b>General Fund Total</b>	<b>17,773,740</b>	<b>39,885,956</b>	<b>11,555,645</b>	<b>69,215,341</b>	<b>7,457,060</b>	<b>(19,938,509)</b>		<b>56,733,892</b>	<b>7,128,479</b>	<b>31,362,692</b>	<b>38,491,170</b>	<b>16,742,722</b>



# Somerset West and Taunton

## Scrutiny – 8 January 2020

### Draft 2020/21 Budget Progress and Initial Budget Options

This matter is the responsibility of Executive Councillor Henley

Report Author: Emily Collacott, Finance Business Partner and Deputy S151 Officer

#### 1 Executive Summary / Purpose of the Report

- 1.1 The purpose of this report is to provide Members with an update on progress with regard to Budget Setting for 2020/21, the latest Medium Term Financial Plan (MTFP) forecasts and the areas to be finalised.
- 1.2 The Council’s current MTFP projects a budget gap for 2020/21 of £686k. Following the proposed MTFP bids and savings identified the Budget Gap is a surplus of £39k for 2020/21, but rises to £1.514m by 2024/25.
- 1.3 There remain a number of areas where budget forecasts are to be finalised therefore there is potential for the estimated Gap to change, and this will be reported to Members as the budget process progresses. The Executive is due to recommend its final budget proposals to Full Council in February 2020.

#### 2 Recommendations

- 2.1 Scrutiny is recommended to note the latest Medium Term Financial Plan forecasts and the areas to be finalised.
- 2.2 Scrutiny is requested to comment on both the MTFP bids and savings targets/proposals and offer any further suggestions for budget review/savings.

#### 3 Risk Assessment

##### 3.1 Risk Matrix

Description	Likelihood	Impact	Overall
Risk: The Council fails to set a balanced budget and cannot fund its priorities and objectives.	Feasible 3	Major 4	Medium 12
<i>Mitigation: The Council is currently projecting a balanced budget for 2020/21, subject to Council decisions in</i>	<i>Slight</i> 2	<i>Moderate</i> 3	<i>Low</i> 6

<i>February 2019, which includes Council Tax assumptions and fees and charges increases.</i>			
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### Risk Scoring Matrix

<b>Likelihood</b>	5	Very Likely	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Feasible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Slight	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Very Unlikely	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic

Impact		
Likelihood of risk occurring	Indicator	Chance of occurrence
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

## 4 Overview of 2020/21 Draft Budget Estimates and MTFP

- 4.1 The Financial Strategy for Somerset West and Taunton Council (SWT) was approved by the Executive on 18 September 2019. This report also provided Members with an update on the Medium Term Financial Position (MTFP).
- 4.2 A further update on any significant changes to the MTFP was provided to the Scrutiny Committee on 6 November 2019. This was showing a budget gap in 2020/21 of £358k rising to £2.699m by 2024/25.
- 4.3 There are still some items which are unknown at this stage of the budget process. These are covered in section 10.
- 4.4 There have been some changes to the budget gap to incorporate known unavoidable pressures and some savings identified. The table below summarises

the changes to the Budget Gap since 6 November:

**Table 1 - Summary 2020/21 Budget Gap Reconciliation**

	£k	£k
<b>2020/21 Budget Gap as reported to Scrutiny 6 November 2019</b>		<b>358</b>
<b>Service Cost Pressures:</b>		
Additional B&B Homelessness Costs	82	
Additional Telephony Operating Costs	108	
Review of Base Budgets	280	
<b>Subtotal – Service Cost Pressures</b>		<b>470</b>
<b>Service Cost Savings:</b>		
Reduction in Revenue contribution to Capital	-96	
IEG4 Revs and Bens Licence no longer required	-34	
Increase in Treasury Investment Income	-200	
Review of Fees and Charges	??	
<b>Subtotal – Service Cost Savings</b>		<b>-330</b>
<b>Collection Fund deficit revised estimate</b>		<b>14</b>
<b>Lower Council Tax Base (estimate of Band D Equivalents)</b>		<b>174</b>
<b>2020/21 Latest Budget Gap Estimate December 2019</b>		<b>686</b>

4.5 The following table sets out a summary of the Medium Term Financial Plan for Somerset West and Taunton. This is based on the current estimate of costs and predicted funding before MTFP bids and savings proposals below.

**Table 2 – MTFP Summary 2019/20 – 2024/25**

	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Services Costs	14,752,279	14,752,279	16,130,146	16,910,436	17,500,866	18,192,659
Net Financing Costs	356,540	389,900	464,260	627,370	410,480	403,590
SRA Contribution	99,090	98,693	100,272	101,876	103,506	105,162
Special Expenses	46,399	0	0	0	0	0
Earmarked Reserves- Growth	3,089,150	2,814,760	-200,000	0	0	0
Earmarked Reserves- Other	2,834,631	-17,806	0	0	0	0
Economic Growth and Prosperity Fund	1,200,000	0	0	0	0	0
General Reserves	0	0	0	0	0	0
<b>Net Expenditure</b>	<b>22,378,089</b>	<b>18,178,375</b>	<b>16,494,678</b>	<b>17,639,682</b>	<b>18,014,852</b>	<b>18,701,411</b>
Retained Business Rates	-7,787,783	-4,910,158	-3,989,206	-4,067,579	-4,145,952	-4,224,325
Business Rates prior year deficit	-1,331,905	0	0	0	0	0
Revenue Support Grant	-6,340	0	0	0	0	0

	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	2024/25 £
Rural Services Delivery Grant	-241,506	-241,506	-241,506	-241,506	-241,506	-241,506
New Homes Bonus	-3,809,150	-3,214,760	0	0	0	0
Council Tax	-8,939,605	-9,091,252	-9,366,321	-9,650,005	9,941,917	10,242,820
Council Tax–SRA	-99,090	-98,693	-100,272	-101,876	-103,506	-105,162
Council Tax–Special Expenses	-46,399	0	0	0	0	0
Council Tax prior year surplus	-116,311	63,877	0	0	0	0
<b>Net Funding</b>	<b>22,378,089</b>	<b>17,492,586</b>	<b>13,696,808</b>	<b>14,059,863</b>	<b>14,431,155</b>	<b>14,811,449</b>
<b>Budget Gap</b>	0	685,883	2,797,373	3,578,716	3,581,971	3,887,598
Gap – Change on Previous Year	0	685,883	2,111,490	781,343	3,255	305,627

**Note:** The 2019/20 figures are based on the Original Budget approved in February 2019.

## 5 MTFP Bids

5.1 The Executive propose that the following MTFP proposals are considered to be included within the budget. The total amount of additional spending proposed for 2020/21 is £3.956m.

**Table 3 – MTFP Bids Summary 2020/21 – 2024/25**

	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Staffing Budget	2,450	750	0	0	0
Asset Management	200	200	400	400	400
Park and Ride	230	235	240	245	250
Climate Change	75	75	75	75	75
Local Plan	82	36	60	60	60
CAB - further contribution	33	0	0	0	0
Dredging - outer harbour at Watchet	43	18	18	18	18
Clean Sweep	40	40	40	40	40
Network Support from SCC	25	25	25	0	0
Taunton BID - if successful SWT contribution	15	15	15	15	15
Additional 8*8 licences (150 more users)	13	13	13	13	13
IT ongoing costs from the Change Programme	TBC	TBC	TBC	TBC	TBC
Borrowing Costs of Capital Bids (section 12)	0	75	75	75	75



	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Contingency	50	0	0	0	0
Contribution to investment risk reserve	400	0	0	0	0
Contribution to General Reserves	300	0	0	0	0
<b>Total</b>	<b>3,956</b>	<b>1,482</b>	<b>961</b>	<b>941</b>	<b>946</b>

5.2 Below is a short description for each bid:

- a) **Staffing Budget:** As reported to Full Council on the 3rd December 2019, the Council's leadership team identified ongoing financial pressures in order to protect service standards and maintain capacity whilst completing the safe delivery of expected service process efficiencies and greater customer access to self-service. The Council is requested to support a continuation of additional staff capacity for a longer period (12-18 months) to ensure services continue and standards are maintained during a longer transition period. A cost reduction is required in future years as the Change Programme drives forward to deliver the service process efficiencies and demand management benefits anticipated.
- b) **Asset Management:** Following a review of assets additional funding is required, for reactive work needed, to maintain the Council's assets.
- c) **Park and Ride:** Proposed funding to maintain the Park and Ride (a separate report was considered by the Executive on 18<sup>th</sup> December 2019).
- d) **Climate Change:** To enable the Council to progress its climate and environmental commitments whilst the strategy is being progressed.
- e) **Local Plan:** To enable the Local Plan work to be undertaken (a separate report was considered by the Executive on 20<sup>th</sup> November 2019).
- f) **Citizens Advice Bureau (CAB) - further contribution:** A one-off additional contribution for 2020/21 only (a separate report with more detail is being considered at this meeting).
- g) **Dredging – outer harbour at Watchet:** The current budget is £7k per annum. The increase to £50k would allow for two dredges next year and then one dredge per annum, when the base budget is proposed to reduce to £25k per annum.
- h) **Clean Sweep:** To enable a regular spring clean of the larger towns within the district.
- i) **Network Support from SCC:** It has proved difficult to recruit for the skill set required for this essential work, therefore it is recommended to procure this support

from SCC.

- j) **Taunton BID:** If the ballot for the BID is successful Somerset West and Taunton's levy is estimated to be £15k per annum.
- k) **Additional 8\*8 Licences:** there is currently only budget for 450 licences whereas approximately 600 are required. This will be reviewed in future in line with the staffing budget above.
- l) **IT ongoing costs from the Change Programme:** work is currently being undertaken to determine if there needs to be an increase in existing budgets.
- m) **Borrowing Costs of Capital Bids:** If the capital schemes for the Replacement Play Equipment, Wellington Sports Centre Handling Units and East Quay Wall are approved the Council will need to borrow to finance these schemes which would cost £55k per annum from 2021/22 onwards.
- n) **Contingency:** A small contingency of £50k is included, pending the settlement.
- o) **Contribution to Investment Risk Reserve:** The Commercial Strategy was approved by Full Council on 17 December 2019. Therefore work can start to be prepared with regards to commercial investments. An estimate of the income is included in the savings proposals below though it is prudent to set aside £400k to mitigate any shortfall in income, which will be monitored through the Council's budget monitoring process.
- p) **Contribution to General Reserves:** the estimated GF General Reserves position for 31<sup>st</sup> March 2019 is £2.756m, which is below the recommended operational limit of £3m. Therefore it is proposed to contribute £300k from next year's Revenue Budget to bring reserves above the limit.

## 6 Savings Targets/Proposals

- 6.1 The following table summarises the saving targets which were included within the financial strategy plus additional savings and funding proposals to meet the additional spending in the draft budget proposals. It is proposed to include these now within the MTFP alongside other savings proposals. The current MTFP includes a revenue contribution towards funding recurring capital items (RCCO) and it is proposed to fund these for the next two year using a mixture of borrowing and capital receipts. This is also summarised in the table below.

**Table 4 – Savings Targets/Proposals Summary 2020/21 – 2024/25**

	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k

BRR Pooling Gain (20/21 one-off)	-1,000				
New Homes Bonus Reserve	-1,750	-1,000			
Investment income (Commercial Strategy)	-840	-1,625	-2,000	-2,000	-2,000
Commercialisation and Service Income	-60	-125	-225	-225	-225
Service Efficiency	0	-100	-100	-100	-100
Procurement	-200	-250	-500	-500	-500
Parking Strategy	-500	-500	-500	-500	-500
Borrowing to replace RCCO (net of borrowing costs)	-56	-53	6	6	6
Capital receipts to replace RCCO	-275	-275	0	0	0
<b>Total</b>	<b>-4,681</b>	<b>-3,928</b>	<b>-3,319</b>	<b>-3,319</b>	<b>-3,319</b>

6.2 Below is a short description for each bid:

- a) **Business Rates Retention Pooling Gain:** Planned use of business rates retention income to fund additional service costs (staffing).
- b) **New Homes Bonus Reserve:** Planned use of new homes bonus reserve to fund additional service costs (staffing).
- c) **Investment Income (Commercial Strategy):** Following the approval of the Commercial Strategy it is proposed to build this income estimate into the MTFP. There is a degree of risk as investments will need to be progressed prudently but at pace to meet this target.
- d) **Commercialisation and Service Income:** Following the approval of the Financial Strategy this target can be built into the MTFP and will be considered alongside the information for Fees and Charges currently being reviewed.
- e) **Service Efficiency:** It is proposed that the savings target included within the Financial Strategy is slipped to start in 2021/22 rather than 2020/21 to align with the Change Programme.
- f) **Procurement:** Whilst renewing contracts any savings will be captured towards this target. The 2020/21 target will essentially be met by the insurance savings delivered in 2019/20.
- g) **Parking Strategy:** The Council is developing a parking strategy as part of the overall work on the Climate Emergency. It is currently estimated that the proposals

would be to increase parking fees by approximately 20% which would initially result in an increase in income of roughly £500k. Any increase in fees would need to be agreed by Full Council. This income enables the Council to progress measures under Section 55 of the Road Traffic Regulation Act 1984.

- h) **Borrowing/Capital Receipts to replace RCCO:** The MTFP included a revenue contribution to capital (RCCO) to fund ongoing capital schemes. It is proposed to fund the majority of these from either borrowing or capital receipts for both 2020/21 and 2021/22, as the revenue resources are needed to meet revenue budget proposals.

## 7 General Reserves

- 7.1 General Reserves are currently estimate to be at £2.756m at 31<sup>st</sup> March 2020, which is below the minimum operational target set out within the financial strategy of £3m. It is recommended that £300k is transferred from the NHB reserves to General reserves to bring these back up above the minimum level.
- 7.2 The s151 Officer will review the minimum reserve requirement in February 2020 as part of the final budget recommendations.

## 8 Impact Upon MTFP of Bids and Savings

- 8.1 If all of bids and savings proposed are agreed the Draft Budget Gap has an estimated surplus of £39k for 2020/21, but rises to £1.514m by 2024/25.

**Table 5 – Impact On MTFP 2020/21 – 2024/25**

	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	2024/25 £k
Current MTFP	686	2,797	3,578	3,581	3,887
MTFP Bids	3,956	1,482	961	941	946
Savings	-4,681	-3,928	-3,319	-3,319	-3,319
<b>Gap After Bids and Savings</b>	<b>-39</b>	<b>351</b>	<b>1,220</b>	<b>1,203</b>	<b>1,514</b>

- 8.2 As highlighted in the financial strategy, the forecast is predicated on savings and income generation being delivered as planned. The funding position remains uncertain, however without an improvement in funding it is clear there is a significant challenge to balance the budget in future years, even if the planned savings are delivered.

## 9 Council Tax

- 9.1 The assumptions used in the previous report have not changed for Council Tax

Charge increases. For financial planning purposes it has been assumed Council Tax Charges will increase by 1.99% each year from 2020/21. This is subject to consideration by the Executive through the budget process, which will formally recommend its Council Tax proposals to Council each February as part of the Budget report. It is not known at this stage whether the Secretary of State will continue the option for the 'threshold for excessive council tax increases' for shire districts to increase tax by up to £5 (on a Band D charge). This is subject to confirmation annually through the Finance Settlement.

- 9.2 The Council Tax Base has been approved by the s151 officer on 13<sup>th</sup> December 2019, which has resulted in reduction in the assumptions included in the last update to Scrutiny on 6<sup>th</sup> November. Therefore this reduction has increased the Budget Gap for 2020/21 by £174k (shown in Table 2 above). The reduction in the base is mainly due to slower housing growth and increased Council Tax Support Scheme costs.

## **10 Areas Still to be Completed**

- 10.1 Budget Holders have been asked to put forward their proposals for Fees and Charges. The impact of these is currently being reviewed by Finance. The S151 Officer has delegated authority to agree these (with the exception of Parking Charges) and an update will be provided within the next budget update report.
- 10.2 The **Business Rates Retention** provisional estimates will be completed soon – the deadline for the budget return (NNDR1) to Government is 31 January 2020. This is a complex calculation and subject to change following the Provisional Local Government Finance Settlement.
- 10.3 A review of the New Homes Bonus (NHB) funding for capital schemes is required, see section 12 below.

## **11 Business Rates Pooling**

- 11.1 The 75% pilot scheme was for one year only in 2019/20. The Somerset Business Rates Pool continues under the 50% retention scheme in 2020/21. Indicative estimates at this stage show a potential gain of between £1m and £1.4m. The budget proposal above prudently includes £1m towards funding services in 2020/21. There is an element of risk as the actual income will not be confirmed until the end of 2020/21. This will be monitored through the budget monitoring process and if the £1m is exceeded options for allocating additional funds can be considered at that time.

## **12 New Homes Bonus (NHB)**

- 12.1 NHB is a non-ring-fenced grant designed to incentivise housing growth. A contribution of £2.75m from NHB across 2020/21 and 2021/22 is recommended towards balancing the budget in order for the proposed spending plans to be

affordable. Officers are currently reviewing commitments against the capital programme for which NHB funding was previously assumed. Therefore if these costs are still to be incurred the Council might need to borrow, which will have an impact on future revenue costs.

- 12.2 Due to the uncertainty around future NHB funding prudent assumptions have been included within the MTFP, with no grant assumed after 2020/21. The table below show the indicative grant income projection:

**Table 6 – NHB Grant Income Indicative Projection**

Annual settlement:	Actual 2019/20 £k	Estimate 2020/21 £k	Estimate 2021/22 £k	Estimate 2022/23 £k	Estimate 2023/24 £k	Estimate 2024/25 £k
2016/17	841					
2017/18	1,259	1,259				
2018/19	858	858	858			
2019/20	851	851	851	851		
2020/21		247	0	0	0	
2021/22			0	0	0	0
2022/23				0	0	0
2023/24					0	0
2024/25						0
<b>Total Annual Grant Estimates</b>	<b>3,809</b>	<b>3,215</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 12.3 Any impacts from the provisional finance settlement will be included in further update reports.

### 13 Risk, Opportunities and Uncertainty

- 13.1 Ongoing risks and uncertainty for the budget at this stage include:

- Not achieving the savings targets:** It is essential that work progresses to meet the savings targets included above and that the Change Programme delivers efficiencies to mitigate the temporary increase in costs.
- Commercial Strategy:** The commercial strategy seeks to deliver significant additional income. The performance of investments will be critical to the affordability of service spending plans in future.
- Local Government Finance Settlement (LGFS):** We have not yet received the Provisional Finance Settlement and are expecting this now in late December 2019/early January 2020. The funding projections within the MTFP are based upon prudent estimates. There is significant uncertainty around this.
- New Homes Bonus (NHB):** New Homes Bonus grant is at risk, the MTFP has assumes no NHB funding is available beyond 2020/21. This impacts on the affordability of the Capital Programme which will need to be reviewed as a result.

- e) **Business Rate Retention (BRR):** The annual budget estimate return is due to be completed in January and therefore the forecast for BRR income could change for 2020/21.
- f) **BRR NHS Trusts:** A judge considering the claim for NHS trusts to be treated as a charity for the purposes of section 43(6) of the Local Government Finance Act 1988 has determined that NHS Trusts are not a charity. As such 80% mandatory relief is not applicable on NHS business rates accounts. This may be subject to appeal.
- g) **Council Tax:** MTFP is based on an assumption of an increase of 1.99% on the 2019/20 tax rate and future tax base growth of 1%. Any variation from these assumptions will affect Council Tax income estimates.
- h) **Fees & Charges:** These are currently being reviewed by Finance and the impact of these will be included in future budget reports. The proposed increase in parking fees is subject to Full Council approval and legal advice.
- i) **Business rates pooling:** The Somerset business rates pool continues under the 50% retention scheme in 2020/21. There is still a risk that income could fall below the £1m budgeted in the MTFP.
- j) **Brexit:** There may be unforeseen cost or service pressures.
- k) **Review of minimum reserves:** The S151 Officer will review reserves as part of the budget setting process in February to ensure reserves remain robust.
- l) **Collection Fund Surplus/deficit –** This will be finalised in mid-January and therefore the estimates included in the MTFP could change.
- m) **Minimum Revenue Provision (MRP):** This is being reviewed and will be addressed in the final budget report.
- n) **B&B Homelessness:** The inception of the Homelessness Reduction Act has result in a marked increase in approaches for advice and assistance and has extended the timescales under the relief stage of the act. This has placed further financial burden upon the Council and an increase within this budget has been included in the MTFP. Though there is a risk that this increase is not sufficient and any further impacts will be update in future reports.

## 14 2020/21 General Fund Capital Programme

- 14.1 The current General Fund Capital Programme in 2019/20 includes approved projects totalling £56.7m and is shown in Appendix A.

14.2 The recommended General Fund Capital Programme for 2020/21 totals £3.21m. Table 7 summarises the General Fund Capital bids that have been presented by services for consideration.

**Table 7 – 2020/21 Capital Bids**

Scheme	Cost £	Proposed Funding				
		RCCO £	Grants/ S106 £	Other Earmarked Reserve £	Capital Receipts £	Borrowing £
Leisure Grants to Clubs and Parishes	15,000	15,000				
Vehicle Replacement	152,000				152,000	
Plant and Equipment	23,000				23,000	
New/Replacement Waste Containers	100,000				100,000	
Lifeline Equipment	25,000					25,000
Refresh of End User Devices	30,000					30,000
Members IT Equipment Replacement	4,000					4,000
Replacement Play Equipment	64,000					64,000
Wellington Sports Centre Air handling Units	253,000					253,000
East Quay Wall	910,000					910,000
Tech - Microsoft 365 Migration	TBC					
Tech –Finance System Upgrade	TBC					
Resources for Change Programme	360,000				<b>360,000</b>	
DFGs	1,274,000		1,274,000			
<b>Total</b>	<b>3,210,000</b>	<b>15,000</b>	<b>1,274,000</b>	<b>0</b>	<b>635,000</b>	<b>1,286,000</b>

14.3 As mentioned in section 12 above Officers are currently reviewing commitments against the capital programme for which NHB funding was previously assumed. These will be updated in future reports.

14.4 Funding of capital investment by the Council can come from a variety of sources (see below), table 7 above summarises the proposed funding of the Capital Bids for 2020/21:

- Capital Receipts
- Grant Funding
- Capital Contributions (e.g. from another Local Authority / s.106 Funding)



- Revenue budgets/reserves (often referred as RCCO – Revenue Contributions to Capital Outlay)
  - Borrowing
- 14.5 The proposal to switch funding from a revenue contribution of £59k per annum to borrowing and £275k from capital receipts, for 2 years, has an increased cost of borrowing of £3k for 2020/21 and then £6k per annum from 20221/22 onwards, which is included table 3 in section 5.
- 14.6 It is proposed to fund the Replacement Play Equipment, Wellington Sports Centre Handling Units and East Quay Wall from borrowing with a cost to revenue of £55k per annum from 2021/22 onwards. Therefore this has been included within table 3 in section 5.
- 14.7 Below is a short description for each scheme:
- a) **Leisure Grants to Clubs and Parishes:** These grant schemes allow us to award funds towards projects they are facilitating within their local communities. Voluntary Village Halls and Community Centre and Sports Clubs are awarded up to 33% of the project costs and Parish Councils are awarded up to 50% of the project costs.
  - b) **Vehicle Replacement:** The cost of a rolling programme to replace vehicles used by the locality champions.
  - c) **Plant and Equipment:** To replace plant and equipment items of small capital value used by the locality champions.
  - d) **New/Replacement Waste Containers:** To purchase new and replacement waste and recycling containers (bins and boxes) as part of the ongoing costs of the Somerset Waste Partnership.
  - e) **Lifeline Equipment:** Lifeline units have a useful life of approximately 7 years, this is the cost to replacement the equipment on a rolling basis with approximately 1/7th replaced per annum.
  - f) **Refresh of End User Devices:** Annual refresh budget which plans for laptops and tablets to be replaced on a rolling five year basis and smart devices every three years.
  - g) **Members IT Equipment Replacement:** An annual budget for replacement of IT equipment for members.
  - h) **Replacement Play Equipment:** To maintain the Council owned playgrounds within the Somerset West and Taunton Council area.
  - i) **Wellington Sports Centre Air Handling Units:** Responsibility of plant remains

with SWT. The current plant is more than 40 years old and as part of the recent procurement for a new Operator SWT committed to replacing the equipment following a condition survey recommending the replacement.

- j) **East Quay Wall:** The costs included are £20k for wall design works and £850k to reinforce the wall in the central and northern sections. A detailed report will be presented to the Executive on 22 January 2020.
- k) **Tech – Microsoft 365 Migration:** Officers are currently assessing the full cost of this project and an update will be provided in future reports.
- l) **Tech – Finance System Upgrade:** Officers are currently assessing the full cost of this project and an update will be provided in future reports.
- m) **Resources for Change Programme:** It is recommended to fund the resources required for the Change Programme from flexible capital receipts.
- n) **Disabled Facilities Grants (DFGs):** Enabling people to remain in their own homes by having access to facilities in and around the home. The Council has a statutory duty to deliver the grants under the Housing Grants, Construction and Regeneration Act 1996. The Regulatory Reform (Housing Assistance) Order 2002, and the Housing Act 2004.

## **15 Links to Corporate Strategy**

- 15.1 The Council's MTFP underpins the planning of resources needed to meet the priorities and objectives within the Corporate Strategy and related plans

## **16 Finance / Resource Implications**

- 16.1 The Council's financial position is set out above within the body of this report.
- 16.2 It is important that Councillors have a good understanding of the financial position and forecasts over the medium term.

## **17 Legal Implications (if any)**

- 17.1 S.32 of the Local Government Finance Act 1992 sets out in detail how the Council must calculate its budget by estimating gross revenue expenditure, net income, and the council tax needed to balance the budget; s.25 of the Local Government Act 2003 requires the Chief Finance Officer (S151 Officer for this Council) to report on the robustness of the budget-setting estimates and the adequacy of the proposed financial reserves.

## **18 Climate and Sustainability Implications**

- 18.1 It is proposed to include a budget of £75k per annum to enable the Council to

progress its climate and environmental commitments whilst the strategy is being progressed.

- 18.2 The proposed increase in parking fees would enable the Council to progress measures under Section 55 of the Road Traffic Regulation Act 1984 towards reduction of environmental pollution and/or improving and maintaining the appearance or amenity of roads, land, open land or water.

## **19 Safeguarding and/or Community Safety Implications**

- 19.1 None for the purpose of this report.

## **20 Equality and Diversity Implications**

- 20.1 Officers have assessed the MTFP Bids and Savings targets/proposals and at present the only Bid for which it is considered an Equality Impact Assessment is required is the local plan.

- 20.2 Link to the District Wide EIA for the Local Plan:

<https://democracy.somersetwestandtaunton.gov.uk/documents/s7352/District%20Wide%20Local%20Plan%20EIA.pdf>

## **21 Social Value Implications**

- 21.1 None for the purpose of this report.

## **22 Partnership Implications**

- 22.1 The Council's budget includes significant expenditure on services provided by other key partners such as Somerset Waste Partnership, SHAPE Legal Partnership and Somerset Building Control Partnership.

## **23 Health and Wellbeing Implications**

- 23.1 None for the purposes of this report. Any relevant information and decisions with regard to health and wellbeing will be reported as these emerge through the financial planning process.

## **24 Asset Management Implications**

- 24.1 If the proposed bid of £200k for asset management is not approved this will impact upon the asset maintenance programme and could result in higher costs being incurred in the future. Any further financial implications associated with asset management will be reflected within the Council's corporate and financial planning arrangements.

## **25 Data Protection Implications**

25.1 None for the purposes of this report.

## 26 Consultation Implications

26.1 None for the purposes of this report

### Democratic Path:

- **Scrutiny – Yes (an updated report to be presented to Scrutiny in February 2020)**
- **Executive – No (an updated report to be presented to Executive in February 2020)**
- **Full Council – No (final budget to be presented to Council in February 201920)**

Reporting Frequency: Ad -hoc

### List of Appendices (delete if not applicable)

Appendix A	Capital programme
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## SOMERSET WEST &amp; TAUNTON COUNCIL - GENERAL FUND - CAPITAL PROGRAMME 2019/20 - FUNDING

Director	Project	Approved Budget for 2019/20 £	TDBC Slippage from 2018/19 £	WSC Slippage from 2018/19 £	Revised Approved Budget for 2019/20 £	2019/20 Supplementary Estimates £	2019/20 Budget Returns £	2019/20 Budget Virements £	2019/20 Current Budget £	Funding (£)								TOTAL						
										Capital Grants	Section 106 Agreements	Capital Receipts	General Fund RCCO	New Homes Bonus	Capital Financing Reserve	Other Earmarked Reserves	Unallocated Capital resources		Borrowing					
<b>Growth Programme</b>																								
	GF C Town Centre Improvements		170,360		170,360				170,360						170,360						170,360			
	GF C Firepool Land Assembly		2,535		2,535	35,622			38,157					38,157							38,157			
	GF C Major Transport Schemes		1,693,910		1,693,910		(193,910)	(1,500,000)						0							0			
	GF C Flooding Alleviation	500,000	482,846		982,846		(981,500)		1,346					1,346							1,346			
	GF C Town Centre Regeneration	991,000	30,000		1,021,000		(1,004,016)		16,984					16,984							16,984			
	GF C Emp Site Enabling Innova	536,000	1,355,000		1,891,000		(1,855,750)	(35,250)						0							0			
	TD C Broadband SEP		380,000		380,000				380,000					380,000							380,000			
	TD C Parking, Access & Signage		9,577		9,577				9,577					9,577							9,577			
	Firepool Development		55,543		55,543	825,000			880,543					880,543							880,543			
	Lisieux Way Site Masterplanning		9,750		9,750				45,000					45,000							45,000			
	Firepool Master Planning					275,000			275,000					275,000							275,000			
	<b>Total Growth Programme</b>	<b>2,027,000</b>	<b>4,189,521</b>		<b>6,216,521</b>	<b>1,135,622</b>	<b>(4,035,176)</b>	<b>(1,500,000)</b>	<b>1,816,967</b>					<b>1,816,967</b>						<b>1,816,967</b>				
<b>IT Projects</b>																								
	GF C Members IT Equipment	4,000	3,205		7,205				7,205												7,205			
	GF C PC Refresh Project	50,000			50,000				50,000					50,000							50,000			
	GF C Cemetery IT System		24,950		24,950				24,950					24,950							24,950			
	GF C Transformation		440,734	313,004	753,738				753,738				227,004						86,000	440,734	753,738			
	GF C IT Offsite Backup Facilit			11,861	11,861				11,861				11,861								11,861			
	GF C IT Annual Hardware Replac			8,857	8,857				8,857				2,857	6,000							8,857			
	GF C IT Server Refresh			20,000	20,000				20,000					20,000							20,000			
	GF C Committee Rooms AV Kit		75,000		75,000				75,000										75,000		75,000			
	Microsoft Migration	100,000			100,000				100,000				100,000								100,000			
	<b>Total IT Projects</b>	<b>154,000</b>	<b>543,889</b>	<b>353,722</b>	<b>1,051,611</b>				<b>1,051,611</b>				<b>329,861</b>	<b>91,861</b>		<b>28,155</b>	<b>86,000</b>	<b>515,734</b>		<b>1,051,611</b>				
<b>Major Projects</b>																								
	GF C PT Coal Orchard		10,727,650		10,727,650	3,683,000		(1,407,013)	13,003,637											13,003,637	13,003,637			
	GF C Lisieux way		957,212		957,212				957,212												957,212			
	GF C Blackbrook Swimming Pool		62,869		62,869				62,869					62,869							62,869			
	GF C SCC Waste Vehicle Loan		3,500,000	3,500,000	7,000,000				7,000,000											7,000,000	7,000,000			
	GF C Paul Street Car Park Maj		421,779		421,779				421,779												421,779			
	GF C Creech Castle Improvement (Toneway Corridor Phase 1)		375,000		375,000				375,000					375,000							375,000			
	GF C Firepool Hotel		15,712,627		15,712,627		(15,705,526)		7,101											7,101	7,101			
	GF C Waiting Room		205,616		205,616				205,616					205,616							205,616			
	GF C Seaward Way			2,862,074	2,862,074				2,862,074												2,862,074			
	Coal Orchard Development Costs							1,407,013	1,407,013					1,407,013							1,407,013			
	Watchet - East Quay Development	1,500,000			1,500,000				1,500,000											1,500,000	1,500,000			
	Great Western Railway	5,000,000			5,000,000				5,000,000											5,000,000	5,000,000			
	Leisure	1,000,000			1,000,000				1,000,000											1,000,000	1,000,000			
	Gaumont Palace Theatre (Mecca Bingo)					2,277,000			2,277,000											2,277,000	2,277,000			
	J25 Improvement Scheme Contribution							1,500,000	1,500,000					1,500,000							1,500,000			
	<b>Total Major Projects</b>	<b>7,500,000</b>	<b>31,962,753</b>	<b>6,362,074</b>	<b>45,824,827</b>	<b>5,960,000</b>	<b>(15,705,526)</b>	<b>1,500,000</b>	<b>37,579,301</b>					<b>3,282,013</b>	<b>295,742</b>		<b>188,906</b>	<b>33,812,640</b>		<b>37,579,301</b>				
<b>Housing</b>																								
	GF C Grants to RSLs	495,000	1,822,988		2,317,988				2,317,988												2,317,988			
	GF C DFGs Private Sector	1,200,000	880,336	566,525	2,646,861				2,646,861						96,651				19,897	744,185	2,646,861			
	GF C Decent Homes																							
	<b>Total Housing Projects</b>	<b>1,695,000</b>	<b>2,703,324</b>	<b>566,525</b>	<b>4,964,849</b>				<b>4,964,849</b>				<b>2,550,210</b>	<b>1,137,000</b>	<b>416,906</b>		<b>96,651</b>	<b>19,897</b>	<b>744,185</b>		<b>4,964,849</b>			
<b>Other Projects</b>																								
	GF C Special Expenses grants		11,000		11,000				11,000												11,000			
	GF C Youth Project Cap Grants		20,030		20,030				20,030					20,030							20,030			
	GF C Gypsy Site		108,502		108,502				108,502					108,502							108,502			
	GF C PT Longrun Meadow Bridge		4,200		4,200		(4,200)														0			
	GF C DLO Vehicles Acquisition	152,000	138,143		290,143				290,143					152,000						138,143	290,143			
	GF C Waste Containers	100,000	8,590		108,590				108,590					100,000							108,590			
	GF C Grants to Halls & Sports		30,367		30,367				30,367												30,367			
	GF C Grants to Parishes Play	15,000	27,830		42,830				42,830					15,000							42,830			
	GF C Replacement Play Equipme	76,740	7,308		84,048				84,048					76,740							84,048			
	GF C GF Community Alarms	31,000	17,982		48,982				48,982					31,000							48,982			
	GF C DLO Plant	23,000			23,000				23,000					23,000							23,000			
	GF C Brewhouse		37,328		37,328				37,328												37,328			
	GF C Crematorium Project		6,991		6,991				6,991											6,991	6,991			
	GF C Norton Fitzwarren Hillfor		17,472		17,472		(13,368)		4,104											4,104	4,104			
	GF C West Monkton Country Park		50,726		50,726				50,726												50,726			
	GF C East Wharf			66,611	66,611				66,611					66,611							66,611			
	GF C Superfast Broadband			170,000	170,000				170,000					170,000							170,000			
	GF C 7 The Esplanade		15,000		15,000				15,000					15,000							15,000			
	GF C Steam Coast Trail		114,604		114,604				114,604												114,604			
	GF C Stair Lift Recycling																				0			
	GF C Cuckoo Meadow Play Area		1,103		1,103				1,103												1,103			
	GF C CASA		78,165		78,165		(78,165)														0			
	GF C Minehead Esplanade		17,563		17,563				17,563												17,563			
	<b>Total Other Projects</b>	<b>397,740</b>	<b>486,469</b>	<b>463,046</b>	<b>1,347,255</b>		<b>(95,733)</b>		<b>1,251,522</b>				<b>133,270</b>	<b>348,381</b>	<b>321,000</b>	<b>88,054</b>	<b>215,683</b>	<b>145,134</b>		<b>1,251,522</b>				
<b>GF C S106 Various</b>																								
				271,136	271,136	331,438			602,574				602,574								602,574			
<b>S106 Funded - Hinkley Schemes</b>																								
	HK C Westfield Street Caf			3,000	3,000				3,000				3,000								3,000			

Director	Project	Approved Budget for 2019/20 £	TDBC Slippage from 2018/19 £	WSC Slippage from 2018/19 £	Revised Approved Budget for 2019/20 £	2019/20 Supplementary Estimates	2019/20 Budget Returns	2019/20 Budget Virements	2019/20 Current Budget	Funding (£)										
										Capital Grants	Section 106 Agreements	Capital Receipts	General Fund RCCO	New Homes Bonus	Capital Financing Reserve	Other Earmarked Reserves	Unallocated Capital resources	Borrowing	TOTAL	
	HK C South B/W & North Pethert			250,500	250,500				148,426											148,426
	HK C Bridgwater Town Centre Su			54,278	54,278				54,278											54,278
	HK C Holford & Dis VH - Fit fo			76,092	76,092				76,092											76,092
	HK C Minehead TC - New Changin			382,047	382,047				382,047											382,047
	Watchet Bowling			150,000	150,000				150,000											150,000
	Williton Shooting Club			23,000	23,000				23,000											23,000
	Cheddar PC			320,000	320,000				320,000											320,000
	Bos & HB Council			350,000	350,000				350,000											350,000
	Victoria Ward Green			51,428	51,428				51,428											51,428
	North Petherton RFC Gym			300,000	300,000				300,000											300,000
	Empty Homes & LOTS			90,000	90,000				90,000											90,000
	Stogursey Leisure			1,301,125	1,301,125				1,301,125											1,301,125
	Enterprising Minehead			187,672	187,672	30,000			217,672											217,672
	Cannington Traffic																			
	<b>Total S106 Funded - Hinkley Schemes</b>			<b>3,539,142</b>	<b>3,539,142</b>	<b>30,000</b>		<b>(102,074)</b>	<b>3,467,068</b>		<b>3,467,068</b>									<b>3,467,068</b>
	<b>Externally Funded Projects</b>																			
	GF C CIL Grant																			
	CIL - Cycle & Pedestrian Improvements	1,000,000			1,000,000				1,000,000		1,000,000									1,000,000
	CIL - Education Provision	4,000,000			4,000,000				4,000,000		4,000,000									4,000,000
	CIL - Public Transport Improvements	1,000,000			1,000,000				1,000,000		1,000,000									1,000,000
	<b>Total Externally Funded Projects</b>	<b>6,000,000</b>			<b>6,000,000</b>				<b>6,000,000</b>		<b>6,000,000</b>									<b>6,000,000</b>
	<b>General Fund Total</b>	<b>17,773,740</b>	<b>39,885,956</b>	<b>11,555,645</b>	<b>69,215,341</b>	<b>7,457,060</b>		<b>(19,938,509)</b>	<b>56,733,892</b>	<b>8,683,480</b>	<b>5,206,642</b>	<b>1,095,148</b>	<b>412,861</b>	<b>5,187,034</b>	<b>636,231</b>	<b>251,031</b>	<b>1,448,825</b>	<b>33,812,640</b>	<b>56,733,892</b>	

## Scrutiny Committee – Work Programme 2019/20

8 <sup>th</sup> January (DH)	20 <sup>th</sup> January	5 <sup>th</sup> February (DH)	March (WSH)	April (DH)	May (WSH)	TBC
Homelessness and Rough Sleeper Strategy – H Bryant/ M Leeman	HRA Revenue Account Business Plan – James Barrah	HRA Budget 2020/21 – P Fitz/E Collacott	Empty Homes Update Report – S Perry	Travellers Policy Update – Ann Rhodes		Leisure Operator Performance Update
Voluntary and Community Sector Grants Annual Fund Review including CAB transformation/service proposals – L. Sedston	Performance Update – M Riches (For Information Report)	General Fund Revenue Budget and Capital Estimates 2020/21 – P Fitz/E Collacott	Infrastructure planning, Governance arrangements and CIL Funding Update – N Bryant	Performance Update – M Riches (For Information Report)		Housing Strategy Action Plan for SWT – M Leeman
Budget Update 2020/2021 E Collacott and P Fitzgerald.		Treasury Management Strategy Statement 2020/21 P Fitz/E Collacott	Hinkley Phase 3 Housing Funding Strategy – M Leeman			
Budget Monitoring Report E. Collacott and P. Fitzgerald		Investment Strategy 2020/21 P Fitz/E Collacott	Social Value – P.Harding/M. Leeman.			
		Capital Strategy 2020/21 - P Fitz/E Collacott				
