

## SWT Corporate Scrutiny Committee

Wednesday, 1st September, 2021,  
6.15 pm



Somerset West  
and Taunton

The John Meikle Room - The Deane  
House

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**Members:** Gwil Wren (Chair), Nick Thwaites (Vice-Chair), Ian Aldridge, Benet Allen, Marcus Barr, Sue Buller, Norman Cavill, Simon Coles, Habib Farbahi, Ed Firmin, Barrie Hall, John Hassall, Libby Lisgo, Danny Wedderkopp and Loretta Whetlor

### Agenda

**1. Apologies**

To receive any apologies for absence.

**2. Minutes of the previous Corporate Scrutiny Committee held on 4 August 2021**

(Pages 5 - 8)

To approve the minutes of the previous meeting of the Committee held on

**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 before Councillors debate the issue.

## **Temporary measures during the Coronavirus pandemic**

Due to the temporary legislation (within the Coronavirus Act 2020, which allowed for use of virtual meetings) coming to an end on 6 May 2021, the council's committee meetings will now take place in the office buildings at the John Meikle Room, Deane House, Belvedere Road, Taunton. Unfortunately due to capacity requirements the Chamber at West Somerset House is not able to be used at this current moment.

Following the Government guidance on measures to reduce the transmission of coronavirus (COVID-19), the council meeting rooms will have very limited capacity. With this in mind, we will only be allowing those members of the public who have registered to speak to attend the meetings in person at the office buildings, if they wish. (We will still be offering to those members of the public that are not comfortable in attending, for their statements to be read out by a member of the Governance team). Please can we urge all members of the public who are only interested in listening to the debate to view our live webcasts from the safety of their own home to help prevent the transmission of coronavirus (COVID-19).

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|--|-----------------|
| <b>5. Corporate Scrutiny Request/Recommendation Trackers</b>   | (Pages 9 - 12)  |
| To update the Scrutiny Committee on the progress of resolutions and recommendations from previous meetings of the Committee. |                 |
| <b>6. Corporate Scrutiny Committee Forward Plan</b>  | (Pages 13 - 14) |
| To receive items and review the Forward Plan.  |                 |
| <b>7. Executive and Full Council Forward Plan</b>  | (Pages 15 - 20) |
| <b>8. 2021/22 General Fund Financial Monitoring as at Quarter 1 (30 June 2021)</b>   | (Pages 21 - 38) |
| <b>9. 2021/22 Housing Revenue Account Financial Monitoring as at Quarter 1 (30 June 2021)</b>                                | (Pages 39 - 54) |
| <b>10. Corporate Performance Report</b>  | (Pages 55 - 70) |

A handwritten signature in black ink, appearing to read "James Hasset". The signature is written in a cursive style with a large initial "J" and "H".

**JAMES HASSETT  
CHIEF EXECUTIVE**

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Members of the public are welcome to attend the meeting and listen to the discussions. There is time set aside at the beginning of most meetings to allow the public to ask questions. Speaking under "Public Question Time" is limited to 3 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chair will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate. Except at meetings of Full Council, where public participation will be restricted to Public Question Time only, if a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chair will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group. These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room. Full Council, Executive, and Committee agendas, reports and minutes are available on our website: [www.somersetwestandtaunton.gov.uk](http://www.somersetwestandtaunton.gov.uk)

The meeting room, including the Council Chamber at The Deane House are on the first floor and are fully accessible. Lift access to The John Meikle Room, is available from the main ground floor entrance at The Deane House. The Council Chamber at West Somerset House is on the ground floor and is fully accessible via a public entrance door. Toilet facilities, with wheelchair access, are available across both locations. An induction loop operates at both The Deane House and West Somerset House to enhance sound for anyone wearing a hearing aid or using a transmitter. For further information about the meeting, please contact the Governance and Democracy Team via email: [governance@somersetwestandtaunton.gov.uk](mailto:governance@somersetwestandtaunton.gov.uk)

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## **SWT Corporate Scrutiny Committee - 4 August 2021**

Present: Councillor Gwil Wren (Chair)

Councillors Ian Aldridge, Norman Cavill, Simon Coles, Habib Farbahi, Ed Firmin, John Hassall, Libby Lisgo, Loretta Whetlor and Sarah Wakefield

Officers: Andrew Randell, Marcus Prouse, Alison Blom-Cooper, Jo O'Hara and Joe Wharton

Also Present: Councillors

(The meeting commenced at 6.15 pm)

### **34. Apologies**

Apologies were received by Councillors Buller, Hall, Thwaites and Whetlor.

Councillors Lloyd and Wakefield attended as substitutes.

### **35. Minutes of the previous Corporate Scrutiny Committee held on 7 July 2021.**

The minutes of the meeting held on 7<sup>th</sup> July 2021 were approved.

### **36. Declarations of Interest**

Councillor Wakefield declared an interest in respect of item 8 as a member of the Wellington Mills Community Interest Group.

### **37. Public Participation**

There was no public participation.

### **38. Corporate Scrutiny Request/Recommendation Trackers**

The Corporate Scrutiny Request and Recommendation Trackers were noted.

### **39. Corporate Scrutiny Committee Forward Plan**

The Corporate Scrutiny Committee forward plan was noted.

### **40. Executive and Full Council Forward Plan**

The Executive and Full Council forward plans were noted.

### **41. Innovation District Update**

The Chair advised that following the consultant's report and summary report there had been a deviation in the original terms of reference which had not received proper examination.

It was questioned if the report should be confidential or not. Clarity in what determined a confidential report was requested in a separate discussion to be arranged. An investigation into the confidential report access and procedures of the council was requested.

The Chair proposed for a private meeting be set up to resolve issues before this could be considered in public. A second meeting would be arranged in September to investigate the access to confidential information and how any restrictions around confidential information prevent Councillors undertaking their role.

Concerns were expressed in relation to the terms of reference not being followed and clarity over confidential information restricted from Councillors and the reasons behind this. The use of NDA's protecting information was a concern along with the nature of their use being potentially used against the Council.

The monitoring officer sent the following message to the committee in advance of the meeting.

Dear Cllrs,

I was advised today that a report from EiBC on innovation was circulated to members of the Committee by a fellow Councillor, when it should not have been disclosed and was confidential due to commercial sensitivity. I have been looking into the matter this afternoon and I now have an understanding from officers on the situation.

The consultants that were commissioned by SWT to produce the report spoke to a number of local businesses as consultees. A couple of businesses particularly made it clear that they would provide commercially sensitive information about their future business plans if non-disclosure agreements were signed that the information would be kept confidential and not be published. The NDAs were signed and the information provided. All officers and Members that had sight of the report were advised of the NDA and confidentiality on 12 January 2021. The two businesses confirmed that they would require certain information to be redacted from the report before it was published in order to ensure that they are not disadvantaged commercially or that competitors in their market cannot access this information.

The EiBC report circulated to Scrutiny Committee Members has not been redacted, and therefore cannot be discussed this evening. Any discussion of the full report could result in the Council facing a legal challenge over breaching the NDAs. This is why a summary document was published with the agenda so that Members could be provided with information that didn't breach the NDA.

I am liaising with officers to see if the report, with relevant commercially sensitive parts redacted, can be shared with Members. As soon as this is confirmed I will let you know.

Members are also respectfully reminded that if they wish to request that information is included on an agenda that it is discussed with the Chair of the Committee, the Governance Team and relevant officer(s) prior to circulating any information.

Resolved that the Corporate Scrutiny Committee proposed:-

1. A meeting arranged with relevant officers on this topic.
2. A meeting separately on confidentiality to ensure councillors have info to do their jobs and then defer the item to a special meeting in mid- September if possible.

42. **Access to Information - Exclusion of Press and Public**

**Resolved** that the press and the public be excluded from the meeting for the items numbered 10 on the Agenda as the items contained exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

43. **Levelling up Bid - CONFIDENTIAL**

The Assistant Director for Major and Special Projects and The Wellington Heritage at Risk Project Manager introduced and presented the report and detailed the Levelling up Bid and the work around Major Projects across the district.

The report discussed the June 2021 Submission for Round 1 of the Levelling Up Fund. The proposal submitted included three projects connected to the heritage programme which were outlined in the report but built on extensive work undertaken since 2017 on the sites. The submission had been produced with the technical information generated over the past years.

SWT was ranked as a Tier 2 authority and would be competing against authorities that had greater need and who have been provided revenue funding to submit a bid.

The outcomes of the bid closely aligned with the regeneration and cultural heritage priorities of the fund. The bids and projects relating to them were set out to the committee.

During the debate the following comments and questions were raised:-

- It was questioned if there was a list of Council projects that required investment.
- There had been lots of external funding bids won elsewhere that required assistance with Major Projects.
- 93 Planning applications had been held by phosphates. Further information was requested on phosphates and a resolution to Planning delays following the meeting.
- Master Planning valuation work set out a schemes for the projects.
- The incremental approach and access to funding was considered the correct approach in driving projects forward and ensuring the opportunity to save heritage assets in the district were not missed.
- The result of the bid was anticipated in the autumn. Significant spend and financial delivery was required within the financial year which was why the item had been brought to the committee as early as possible.
- If the funding wasn't spent in year 1 there was some flexibility into the next financial year which enabled some milestones to be shifted into the next year.
- Green space was a key deliverable at Tonedale Mill which could be achieved immediately following a successful bid.

- Significant funding had been achieved already for the next phase of works.
- The procurement Team and External Design worked together closely to ensure plans aligned.

The Corporate Scrutiny Committee:-

1. Noted the submission of the Vision for Tonedale Levelling Up bid (see appendix A), noting stakeholder support, match funding and potential community, commercial and cultural benefits.
2. Supported the rest of the confidential recommendations as outlined in the Confidential Report.

(The Meeting ended at 6.45 pm)

**SOMERSET WEST AND TAUNTON COUNCIL**  
CORPORATE SCRUTINY COMMITTEE RECOMMENDATION TRACKER 2021/22

Date of Cttee	Scrutiny Recommendation	Decision Maker /Directorate Responsible	Final Decision/ Response to recommendation/	Date of response	Implemented?	Officer Comments/Update
2/06/21	<p><b>Resolved:-</b> The Corporate Scrutiny Committee reviewed performance against the Commercial Property Investment Strategy (CPIS) and supported the following recommendations to the Executive;</p> <ol style="list-style-type: none"> <li>1. For transparency, gross and net income from the commercial investments to be made more readily available from the six monthly reviews with a link to be provided in future reports to the SWT website where this information is posted.</li> <li>2. The communications underpinning the CPIS both internally and externally need to be improved upon considerably, as it was considered important that people understood what the Council was trying to do and why, and how this work inter-</li> </ol>	Full Council - Cllr R Henley – PFH Corporate Resources	Full Council – September 2021	September 2021		Report not planned to go to Executive – response to be reported in Full Council report and in introduction by PFH.

	<p>linked with the Corporate Priorities of the Council.</p> <p>3. The Corporate Scrutiny Committee was pleased to be informed that the legacy commercial properties will be incorporated in the next scheduled review paper that is to go to Full Council in December, but in advance of this, a light-touch document is requested to be circulated to the Committee.</p>					
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**Total Recommendations for 21/22:**

**Agreed:**

**Agreed in Part:**

**Not Agreed:**

**TBD:**

**SOMERSET WEST AND TAUNTON COUNCIL**  
CORPORATE SCRUTINY COMMITTEE WRITTEN ANSWERS TRACKER 2021/22

Date of Cttee	Scrutiny Cttee Request for information	Decision Maker /Directorate Responsible	Response to request for information	Date response of	Scrutiny Officer Comments/Update
07/07	Q) <i>Outturn Report - Can the Finance team provide a comparison with this year's outturn and last years on debts written off?</i>	Cllr Ross Henley/Finance			
07/07	Q) <i>Performance Report – Extensions to Planning applications due to phosphates – further detail on how many had had multiple extensions?</i>	Cllr Mike Rigby / Planning			

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**CORPORATE SCRUTINY**

<b>Meeting</b>	<b>Draft Agenda Items</b>	<b>Lead PFH/ Lead Officer</b>	<b>Executive Report?</b>
<b>1st September 2021</b>	Financial Performance 2021/22 Q1	Cllr R Henley/ P. Fitzgerald	Yes
SRD 20th August	Corporate Performance Report	Cllr R Henley / M.Riches	Yes
Exec RD = 3 September			
Informal Exec RD = 3 August			
SMT RD = 21 July			
<b>6th October 2021</b>	Public Transport Task and Finish Report	Cllr L Whetlor / M Prouse	
SRD 24th September	s106 spend	Alison Blom-Cooper/Kate Murdoch	
Exec RD = 8 October	Tower Street	N. Kirbyshire / Cllr M Rigby	
Informal Exec RD = 7 Sept	<i>Bus Service Improvement Plan</i>	<i>Cllr J Woodman / SCC officers relevant</i>	
SMT RD = 24 August			
<b>3rd November 2021</b>	General Fund 2022/23 Draft Budget Update	Cllr R Henley / P. Fitzgerald	Yes
SRD = 22 October			
Exec RD = 5 November			
Informal Exec RD = 5 Oct			
SMT RD = 22 September			
<b>1st December 2021</b>	Financial Performance 2021/22 Q2		
SRD = 19 November			
Exec RD = 3 December			
Informal Exec RD = 2 Nov			
SMT RD = 20 October			
<b>5th January 2022</b>			
SRD = 17 December			
Exec RD = 7 January			
Informal Exec RD = 30 Nov			
SMT RD = 17 November			



<b>Executive Meeting</b>	<b>Draft Agenda Items</b>
<b>18 August 2021</b>	Single Homeless accommodation strategy and delivery plan
<b>venue =</b>	Levelling Up Bid
Exec RD = 6 August	
Informal Exec RD = 6 July	
SMT RD = 23 June	
<b>15 September 2021</b>	Financial Performance 2021/22 Q1
<b>venue =</b>	Corporate Performance Report
Exec RD = 3 September	Monkton Heathfield Masterplan?
Informal Exec RD = 3 August	North Taunton CPO
SMT RD = 21 July	
<b>20 October 2021</b>	Tower Street
<b>venue =</b>	Firepool Design Guidance and Masterplan (will need moving back, dates to be confirmed)
Exec RD = 8 October	Employment Land Feasibility Study in West Somerset
Informal Exec RD = 7 September	
SMT RD = 24 August	
<b>17 November 2021</b>	Voluntary and Community Sector Grants Review
<b>venue =</b>	General Fund 2022/23 Draft Budget Update
Exec RD = 5 November	Housing Revenue Account 2022/23 Draft Budget Update
Informal Exec RD = 5 October	Public Realm Design Guide for Taunton Garden Town - Feedback
SMT RD = 22 September	Somerset West and Taunton Districtwide Design Guide
	Marina Lease
<b>15 December 2021</b>	Financial Performance 2021/22 Q2
<b>venue =</b>	Corporate Performance Report
Exec RD = 3 December	

Informal Exec RD = 2 November	
SMT RD = 20 October	
<b>19 January 2022</b>	CCTV
<b>venue =</b>	Housing Revenue and Capital Budget Setting 2022/23 including Dwelling Rent Setting 2022/23 and 30 Year Business Plan Review
Exec RD = 7 January	Longforth Masterplan
Informal Exec RD = 30 November	
SMT RD = 17 November	
<b>Budget - 9 February 2022</b>	General Fund Revenue Budget and Capital Estimates 2022/23
<b>venue =</b>	Council Tax Setting 2022/23
Exec RD = 28 January	
Informal Exec RD = 4 January	
SMT RD = 8 December	
<b>16 February 2022</b>	
<b>venue =</b>	
Exec RD = 4 February	
Informal Exec RD = 4 January	
SMT RD = 8 December	
<b>16 March 2022</b>	Financial Performance 2021/22 Q3
<b>venue =</b>	Capital, Investment and Treasury Strategy 2022/23
Exec RD = 4 March	Corporate Performance Report
Informal Exec RD = 1 February	
SMT RD = 19 January	

<b>20 April 2022</b>	
<b>venue =</b>	
Exec RD = 6 April	
Informal Exec RD = 8 March	
SMT RD = 23 February	
<b>Items to be Confirmed</b>	



## FULL COUNCIL

Meeting	Report Deadline	Draft Agenda Items
<b>7 September 2021</b>	<b>25 August 2021</b>	Review of the Commercial Property Investment Activity and Performance Report
		Skatepark Petition Update (within PFH report)
		Decisions taken under the urgency rules
		Motion from Cllr Wakefield
		Political Allocations (after by-elections)
		Future High Street Fund Award
		Cultural Strategy
		Outside Bodies Update
		<i>Local Government Re-Organisation</i>
		<b>NO MORE ITEMS</b>
<b>5 October</b>	<b>23 September</b>	Single Homeless accommodation strategy and delivery plan
Page 19		Financial Strategy 2021-2023
		Levelling Up Bid
		Phospates Report
		Monkton Heathfield Masterplan
		North Taunton CPO
		Community Governance Review for the Unparished Area of Taunton - Publication of Terms of Reference
		Joint Independent Remuneration Panel review of Somerset West and Taunton Council's Scheme of Member allowances for 2021-22
		<b>NO MORE ITEMS</b>
<b>7 December 2021</b>	<b>25 November 2021</b>	Voluntary and Community Sector Grants Review
		Tower Street
		Public Realm Design Guide for Taunton Garden Town – Feedback
		Somerset West and Taunton Districtwide Design Guide
		Annual Review of the Commercial Property Investment Strategy (possibly move to special meeting in January)
		Marina Lease

		Employment Land Feasibility Study in West Somerset
		Firepool Design Guidance and Masterplan (possibly move to special meeting)
		<b>NO MORE ITEMS</b>
<b>30 Nov or 18 Jan</b>		Firepool Design Guidance and Masterplan
<b>Special Meeting</b>		Annual Review of the Commercial Property Investment Strategy
		Asset Management Strategy
		<b>NO MORE ITEMS</b>
<b>8 February 2022</b>	<b>27 January 2022</b>	CCTV
		Housing Revenue and Capital Budget Setting 2022/23 including Dwelling Rent Setting 2022/23 and 30 Year Business Plan Review
<b>24 February 2022</b>	<b>14 February 2022</b>	General Fund Revenue Budget and Capital Estimates 2022/23
<b>Budget Only</b>		Council Tax Setting 2022/23
		<b>NO MORE ITEMS</b>
<b>29 March 2022</b>	<b>17 March 2022</b>	Capital, Investment and Treasury Strategy 2022/23
		Longforth Masterplan
<b>10 May 2022</b>	<b>28 April 2022</b>	<b>Annual Council Meeting</b>
		Council Committees for 2021/2022 and their Terms of Reference
		Appointment of Representatives on Outside Bodies
		To authorise the sealing or signing of documents to give effect to any decisions taken

# Somerset West and Taunton Council

## Corporate Scrutiny – 1 September 2021 Executive – 15 September 2021

### 2021/22 General Fund Financial Monitoring as at Quarter 1 (30 June 2021)

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

Report Author: Kerry Prisco (Management Accounting and Reporting Lead)

#### 1 Executive Summary

- 1.1 This report provides an update on the projected outturn financial position of the Council's General Fund (GF) for the financial year 2021/22 (as at 30 June 2021).
- 1.2 The position this year continues to be significantly affected by the ongoing impact of COVID and the pace of economic recovery; and is relying heavily on the reserves prudently set aside to mitigate business volatility and risk. A thorough analysis of additional risks and uncertainties facing the Council have been identified and careful monitoring of these will continue for early indications of emerging financial pressures.
- 1.3 Whilst there is currently headroom in general reserves to cover new in-year pressures this may fall to minimum levels as estimated costs to implement a unitary council start to develop. It is prudent to retain funding for what will inevitably be unavoidable costs of structural change not currently within budget. This is the first reported forecast to Members at an early stage in the financial year, and whilst best endeavours are used to forecast with as much accuracy as possible, we have previously experienced change in forecasts each quarter and to year end. Despite this, the Council remains financially resilient and continues to forecast adequate reserve balances at this stage.
- 1.4 The **Revenue Budget** forecast is a currently projecting an overspend of £237k.
- 1.5 The total approved **Capital Budget** is £158.7m. The profiled budget spend for 2021/22 is £76.6m and this is currently forecasting a net overspend of £158k.
- 1.6 The **unearmarked reserves** are projected to be £5.556m which is £3.156m above the recommended minimum balance.
- 1.7 The **earmarked reserves** closing balance is projected to be £23m.

#### 2 Recommendations

- 2.1 The Executive Committee is recommended to:

- a) review and note the Council's forecast financial performance and projected reserves position for 2021/22 financial year as at 30 June 2021.
- b) support the transfer of £1.145m from the Budget Volatility and Risk Earmarked Reserve to contribute towards the estimated shortfall in parking income.
- c) approve a budget virement to realign Capital Budgets funded by Better Care Fund grant income.

### **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 given the extra element of risk around COVID and based on experience it is feasible the year end position could change. It is common for underspends to emerge during the last quarter, reflecting an optimism bias within previous forecasting.
- 3.2 Salient in year budget risks are summarised in section 9 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 General Fund forecast end of year financial position in March 2022 for revenue and capital expenditure, as at 30 June 2021.
- 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 and where actual costs and income can vary from initial estimates and assumptions. The budget monitoring process involves a detailed review of the more volatile budgets and a proportionate review of low risk/low volatility budget areas. Budget Holders, with support and advice from their finance business partners, update their forecasts on a monthly basis 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 several risks and uncertainties are highlighted within this report. However, the following forecast is reasonable based on current information.

### **5 General Fund Revenue Budget 2021/22 Forecast Outturn**

- 5.1 The Council's General Fund is currently forecasting an overall net overspend of £237k

(1.3% of £18.7m Net Budget), as summarised below. The main reasons for this are shown in table 2 below.

- 5.2 The forecast remains volatile and subject to change. It includes a significant number of assumptions about demand for services and the timing of planned spend to meet service objectives. The level of uncertainty is still increased this year as the continuing impact of COVID and the pace of economic recovery is not yet certain. There has been an immediate impact on service costs and income, for example a significant reduction in parking income due to lock down measures. The Government has so far provided emergency additional funding of £813k, which is included in our budget. We are also able to claim grant to partly offset the loss of income from fees and charges for the first quarter of the year.
- 5.3 As previously reported, despite the reported pressures and uncertainties summarised in this report, the Council is currently resilient to estimated losses this year. This financial strength is a direct result of the being able to reallocate reserves last year to support economic recovery in this financial year.
- 5.4 The following table presents a summary of the revenue budget and current forecast outturn for the year by directorate.

**Table 1 - General Fund Revenue Outturn Summary 2021/22**

	Current Budget	Outturn Forecast	Variance	
	£'000	£'000	£'000	%
Development and Place	2,598	2,595	-3	-0.1%
External Operations & Climate Change	9,228	10,726	1,498	16.2%
Housing & Communities	3,348	3,353	5	0.2%
Internal Operations	9,770	9,980	210	2.1%
Senior Management Team	640	943	303	47.3%
<b>Net Cost of Services</b>	<b>25,584</b>	<b>27,597</b>	<b>2,013</b>	<b>7.9%</b>
COVID General Grants	0	-431	-431	0.0%
Investment Properties Net Income	-3,407	-3,382	25	-0.7%
Interest and Investment Income	-202	-507	-305	150.9%
Expected Credit Losses	0	0	0	0.0%
Net Transfers to / from Earmarked Reserves	-414	-1,559	-1,145	276.4%
Transfers from General Reserves	-1,246	-1,246	0	0.0%
Capital and Other Adjustments	-1,602	-1,522	80	-5.0%
<b>Net Budget</b>	<b>18,714</b>	<b>18,951</b>	<b>237</b>	<b>1.3%</b>
Funding	-18,714	-18,714	0	0.0%
<b>Variance</b>	<b>0</b>	<b>237</b>	<b>237</b>	<b>1.3%</b>

5.5 A summary of the forecast outturn position is summarised per directorate below.

5.6 **Development & Place:**

5.7 The Development and Place directorate has a net expenditure budget of £2.598m in 2021/22, which plans to deliver a range of services and projects including:

- Strategy and policy development
- Planning services including Local Plan development, planning applications processing and enforcement
- Economic development
- Town centre regeneration
- Heritage projects
- Major Capital Projects for regeneration purposes and where possible to generate a return to the Council
- Commercial investment (investment properties budget is reported 'below the line')

5.8 The directorate's budget volatility and forecast has been managed via robust contract and financial / budget management by budget holders. The directorate is currently forecasting a net underspend of £3k for the year, therefore essentially on target.

**Table 2: Development & Place Forecast Variances as at Q1**

Department Notes	Q1 Variance £000
<b>Strategy and Policy:</b> This relates to staff vacancies which are in the process of recruitment.	-55
<b>Planning:</b> The service has struggled to recruit to vacant posts resulting in higher agency backfill costs. This variance also relates to budgeted grant income that is not expected and other minor overspend on operational costs. The budget holder hopes to be able to offset any overspend including supporting our Planning Guarantee requirements, staff funding and additional legal advice using existing earmarked reserves.	59
<b>Other Minor Variances</b>	-7
<b>Total</b>	<b>-3</b>

5.9 **External Operations and Climate Change:**

5.10 The External Operations and Climate Change directorate has reported net expenditure budget of £9.228m in 2021/22, which plans to deliver a range of services and projects including:

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

- 5.11 The directorate has reported a current forecast net overspend for the year of £1.498m as at the end of quarter 1.
- 5.12 The current forecast assumes that c£450k of directorate underspends will help to support the parking income loss. However, there are possible future pressures emerging particularly around asset management that could further increase the net overspend if agreed and implemented. Most of the projected parking income shortfall not covered by COVID grant is currently planned to be mitigated through the Budget Volatility and Risk Earmarked Reserve. Further updates will be provided in the quarter 2 financial monitoring report.
- 5.13 The headline for the Directorate is to look beyond the car park income figure to the improved performance in most of the other business areas of the Directorate. Specifically, income from the Assets team and Bereavement services. As a team we continue to manage our workforce and ensure we adapt to provide resources at the point of need. The Directorate Plan for 2021/22 is both a reflection of new ambition for the year and a catch up from a pandemic hit 2020/21; that programme of work will inevitably draw on our ability to take on new tasks. As we better understand our legacy assets, we better understand our financial liabilities. Those liabilities will manifest in year and in future years as new costs.
- 5.14 Car Parking income is significantly down on the 2019/20 pre-pandemic level used to benchmark the income figure for 2021/22. In tracking income, it is broadly one third down on where it was pre-pandemic. That activity will be tracked through the year, in setting a budget for 2022/23 the income figure for car parking will need to reflect the know activity for 2021/22.

**Table 3: External Operations and Climate Change Forecast Variances as at Q1**

Department Notes	Q1 Variance £000
<b>Street Scene / Open Spaces:</b> This is a combination of a net loss of income of £16k from the loss of the NHS open spaces contract offset by other cost savings within the service such as a predicted reduction in fuel costs for the year.	-47
<b>Asset Management:</b> This favourable variance is mainly due to additional income, new lettings and completion of leases earlier than expected. As a result of these new lettings the council may incur additional building costs, which would then offset in part this favourable variance.	-247
<b>Public Health:</b> A budget carry forward of £15k was approved for the Seagull Culling programme for 2021/22 however this has been postponed for a further year creating an underspend. The cost of staff re-directed (and not backfilled) onto COVID-19 activities has been fully funded through the Community Outbreak Management fund creating an underspend of c£39k.	-54
<b>Licensing:</b> updated projections for income evidence related to both general and taxi licensing have identified a possible shortfall for this year.	47

<b>Bereavement Services:</b> This is a demand led service where the income budget is estimated each year. The current forecast is an over recovery on income.	-184
<b>Parking:</b> The parking income baseline budgets were maintained at historic levels as part of budget process, with a known risk. The current forecast income loss for the year due to ongoing fall in demand, mainly due to COVID-19 lockdown restrictions, is £1.997m. This has been calculated using both 2020/21 and 2019/20 data and reflects a 30% reduction in income. It is estimated we can claim £402k through the COVID Income Compensation Scheme for 71% of losses for April to June 2021. It is assumed any further losses will have to be funded locally. The Leadership Team proposes withdrawing £1.145m from the Budget Volatility and Risk Earmarked Reserve. This assumes the rest can be offset from directorate underspends (c£450k).	1,937
<b>Other Minor Variances</b>	46
<b>Total</b>	<b>1,498</b>

#### 5.15 Housing & Communities:

5.16 The Housing and Communities directorate has a net expenditure budget of £3.348m in 2021/22, which plans to deliver a range of services and projects including:

- Housing options include accommodation and support for homelessness and rough sleepers including the 'everyone in' priority due to COVID
- Housing strategy development
- Housing enabling, including affordable and rural housing
- Community resilience services such as CCTV, public safety and community engagement
- The service also manages council housing and supported housing services through the Housing Revenue Account which is accounted for separately.

5.17 The directorate has reported a current forecast net overspend of £5k at the end of quarter 1.

5.18 Whilst we are currently reporting a very small variance, we are expecting some volatility particularly in our homelessness service as a legacy of the covid restrictions and in the knowledge that patterns of substantial community hardship are already starting to become apparent. We have some ability to manage the financial impacts of this by the use of some earmarked reserves of specific Government funding, however we will need to keep this under close review. There is also substantial pressure on our resources to deliver our ambitions for single homeless customers and our need to decant the Canonsgrove facility.

**Table 4: Housing & Communities Forecast Variances as at Q1**

<b>Department Notes</b>	<b>Q1 Variance £000</b>
<b>Minor Variances</b>	5
<b>Total</b>	<b>5</b>

**5.19 Internal Operations:**

5.20 The Internal Operations directorate has a net expenditure budget of £9.770m in 2021/22. This delivers a range of support services and corporate projects, as well as budgets for a range of centrally held corporate costs. The main services and projects delivered within this directorate include:

- Customer Services including call-handling, front of house, Deane Helpline and Emergency Response Team
- Council Tax and Business Rates administration and income collection services
- Housing benefits and local council tax support administration
- Income control and collection from customers ('Accounts Receivable')
- Payments to suppliers ('Accounts Payable')
- Corporate strategy, corporate performance, and business intelligence
- Operational support and digital mailroom
- Finance and procurement services
- Corporate Services including Communications and Engagement, People Management including HR and Payroll, Corporate Health and Safety, ICT services
- Corporate governance including Committee administration and Elections services
- Internal Change programmes and projects

5.21 The directorate is currently forecasting a net overspend of £209k at the end of quarter 1. This includes additional resources identified as needed to meet service requirements over and above existing approved budgets.

5.22 The organisation is facing significant change through the implementation of Unitary. Governance & Democratic Services and supporting our staff will be fundamental. It is anticipated additional costs will be funded through savings and in year vacancies where possible. However, it should be noted that pressures on all services will grow as the unitary transition plan comes into force and full budget savings may not be possible giving rise to the potential need to seek approval for additional allocation from reserves. Monthly budget monitoring through the Directorate Performance Board will ensure close monitoring and identification of savings.

5.23 There may be opportunities to mitigate some of this reported pressure, for example through:

- Surplus balances if released from the review of earmarked reserves
- In year receipt of new burdens grant funding
- Vacancy savings exceeding expectations
- Capitalising IT equipment costs
- Managed control of spend in remainder of the year.

**Table 5: Internal Operations Forecast Variances as at Q1**

Department Notes	Q1 Variance £000
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<p><b>ICT:</b> The service has managed to identify savings of c£29k to date from rationalising ICT network circuits at the West Somerset House site, replacement of equipment and removing third party support costs and migration of the Mobile Device Management solution.</p> <p>A further underspend of £31k has been identified where budget allocations are not required in the current financial year. This position takes into account that we have already incurred non budgeted £20k spend due to new starters above existing establishment (at approximately £1k per starter for laptop, licences etc) and have estimated another £10k until a system is in place for these costs to be picked up by the relevant service.</p>	-53
<p><b>Benefits:</b> The position at the end of Q1 is showing a potential 'underspend' at year-end. This underspend largely results from receiving a greater amount of administration grant from DWP for administering Housing Benefit than we had originally budgeted for. The grant from DWP is to ensure we have sufficient funding to adequately resource the administration of Benefits on their behalf. DWP are also requiring us to undertake an increased amount of review work on claims this year. We may need to utilise some or all of this budget later in the year to ensure that we have sufficient resourcing to deliver to the required DWP standards.</p>	-87
<p><b>Governance:</b> The service has requested to draw upon in-year underspends to fund £50k for the Community Governance Review for the Unparished Area of Taunton and £216k of additional staffing to cover a significant increase in workload.</p>	266
<p><b>People / HR:</b> The base budget had an expectation of a £100k vacancy saving target. This is currently not considered by the Leadership Team to be achievable due to ongoing and expected operational staffing pressures across services.</p>	92
<p><b>Other Minor Variances</b></p>	-9
<p><b>Total</b></p>	<b>209</b>

#### 5.24 Senior Management Team (SMT)

5.25 The SMT has a net expenditure budget of £640k in 2021/22. This budget line holds the costs of the Chief Executive and four directors, a contingency to support strategic priorities in-year, and funding approved to support Stronger Somerset business case development and related costs.

5.26 The directorate has not reported a variance to budget at the end of quarter 1.

5.27 The staff pay award has been estimated at 1.75%, reflecting the employers' final offer. The pay award has not yet been accepted by the unions, and therefore not yet implemented. The 2021/22 approved budget assumed a 0% pay award, consistent with the Government's proposals for civil service pay, therefore any pay increase presents a budget pressure in year. A provision for estimated costs of £303k across General Fund services based on 1.75% is currently presented within SMT but will be reflected across all service budgets once settlement is reached and implemented.

#### 5.28 Other Costs, Income and Reserve Transfers:

- 5.29 As well as budgets allocated to directorates for the delivery of services, several budgets are reported 'below the line' as centrally held/corporate items.
- 5.30 For 2021/22 this includes accounting for additional emergency COVID grant funding that has been received to mitigate additional costs and income losses due to national and local restrictions. This area also includes items such as:
- Investment properties net income
  - Other interest costs and income
  - Accounting provisions for Expected Credit Losses (commonly known as bad debt provisions)
  - Capital accounting adjustments including capital debt repayment, revenue financing of capital costs, and transfers to and from capital reserves
  - Transfers to and from general and earmarked revenue reserves
- 5.31 A net underspend / income surplus of £1.775m is currently forecast as at the end of quarter 1, predominantly due to proposed transfers from reserves and estimated income loss grant funding from Government.

**Table 6: Forecast Variances as at Q1**

Department Notes	Q1 Variance £000
<p><b>COVID General Grants:</b> The current COVID grant budget of £813k is not yet allocated in full, however it is assumed it will be and commitments against this will be tracked monthly by SMT.</p> <p>The SFC compensation is only running until end of June 2021. The estimated income from this scheme is £402k for parking and £28k leisure income loss.</p>	-430
<p><b>Interest and Investment Income:</b> After a volatile and difficult year for non-property based investment performance shaped by the pandemic, recovery has been excellent. SWT's good performance is from strategic investments. We have received 4.5% income from strategic pooled funds in year. It means the income return from the total investment portfolio is 1.5% which, in terms of current money market investment returns, is particularly healthy.</p>	-305
<p><b>Net Transfers from Earmarked Reserves:</b> The SFC Compensation from Government does not cover all of the expected loss for the financial year. Therefore it is recommended for the car parking income shortfall to be funded in part from the Budget and Risk Volatility Reserve.</p>	-1,145
<p><b>Capital and Other Adjustments:</b> An additional revenue contribution is planned to fund the finance system contract renewal license.</p>	80
<b>Other Minor Variances</b>	25
<b>Total</b>	<b>1,775</b>

## 6 General Fund (GF) Reserves

### Unearmarked Reserves

- 6.1 The opening general reserves balance as at 1 April 2021 is £7.914m.

6.2 As part of the budget proposals to Full Council on 18 February 2021 and the Financial Strategy agreed by the Executive in July 2021, £2.160m of current reserves are planned to be used to soften the budget gap across two financial years (£1.16m in 21/22 and £1m in 22/23). Further draw down from general reserves are shown in the table below.

**Table 7 – GF General Reserve Balance**

	<b>Approval</b>	<b>£000</b>
<b>Balance Brought Forward 1 April 2021</b>		<b>7,914</b>
2021/22 Original Budget Transfer From Reserve	Council – 18/02/21	-1,160
Supplementary Budget - Local Poll	Council – 04/05/21	-86
Supplementary Budget - Phosphates	Executive – 21/07/21	-200
Supplementary Budget - Health & Safety	Executive – 21/07/21	-126
Supplementary Budget - Parks & Open Spaces	Executive – 21/07/21	-100
Supplementary Budget - Asset Management	Executive – 21/07/21	-150
Supplementary Budget - Asset Management Compliance	Executive – 21/07/21	-100
Supplementary Budget - Revenues Service Capacity	Executive – 21/07/21	-130
Supplementary Budget - Business Intelligence Capacity	SMT – 23/06/21	-50
Supplementary Budget - Project Management Resources	Director/S151 – 15/07/21	-19
<b>Current Balance</b>		<b>5,793</b>
Forecast - Q1 Projected Overspend		-237
<b>Projected Balance 31 March 2022</b>		<b>5,556</b>
Planned Use of Reserve in 2022/23 for Base Budget		-1,000
<b>Projected Balance 1 April 2022</b>		<b>4,556</b>
Recommended Minimum Balance		2,400
Projected Balance above Minimum Reserve Balance		2,156

6.3 The projected balance remains above the minimum adequate reserves requirement as assessed by the S151 Officer. It is prudent to continue to hold reserves above the minimum at this stage as in-year budget risks remain higher than normal due to COVID, and the Council will need to contribute towards costs of implementing a new unitary council structure in Somerset. **There is a high probability that all the projected ‘headroom’ identified above will be needed for this purpose.**

### **Earmarked Reserves**

6.4 The General Fund Earmarked Reserves brought forward balance for 2021/22 is £33.844m. This includes a £14.8m Business Rates S31 Grant reserve created in 2020/21 to set aside grant from Government that will be needed to mitigate the Collection Fund Deficit in the 2021/22 budget. The current budgeted transfers to earmarked reserves in 2021/22 are £10.537m.

6.5 The following table details those reserves with balances greater than £500,000.

**Table 8 – General Fund Earmarked Reserves**

	<b>Opening Balance 1 April 2021 £000</b>	<b>Budgeted Transfers £000</b>	<b>Closing Balance 31 March 2022 £000</b>
2020/21 Business Rate Holiday S31 Grant	11,695	-11,118	577
2020/21 Business Rate Losses S31 Grant	3,081	-999	2,083
Business Rates Volatility	5,375	1,665	7,040
Investment Risk	3,673		3,673
Budget Volatility & Risk	2,400		2,400
General Carry Forwards	2,112		2,112
Garden Town Fund	870	-68	802
Economic Development Initiatives	769		769
Asset Management	687		687
Community Housing Grant (ring-fenced)	533		533
Other Smaller Balances	2,648	-18	2,630
<b>Total</b>	<b>33,844</b>	<b>-10,537</b>	<b>23,306</b>

- 6.6 Earmarked reserves are reviewed during the year. This is 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.
- 6.7 The current forecast proposes to utilise £1.145m if the Budget Volatility and Risk Reserve to mitigate the loss of car Parking income due to COVID. If approved by the Executive this would reduce projected reserves to £22.1m.

## **7 General Fund (GF) Capital Programme**

- 7.1 The current Capital Programme Budget is £158.702m in total. This consists of £5.151m of new schemes approved in February 2021 (for £3.116m in 2021/22 and £2.034m in 2022/23), plus £153.551m of previously approved schemes from prior years (see **Appendix A**).
- 7.2 The Council plans to finance this investment through Capital Receipts, Capital Grants, Revenue Funding and Borrowing (see **Appendix B**).
- 7.3 The General Fund Capital Budget relates to schemes which are estimated to be completed over the next four years. The current annual profiling of approved budget is summarised in **Appendix C**.
- 7.4 Financial performance to date against this profiled spend for this financial year can be found below and in **Appendix D** with an update from each directorate provided below. Overall the Council is currently forecasting a net underspend against profiled budget for 2021/22 of £158k.
- 7.5 **Development and Place:** Capital Funding is provided for Development activity and Property Investment Activity. These budgets are governed via the Programme Board

before being reported to Full Council. The Hinkley funded projects have been delayed by the COVID pandemic but are expected to be completed in the current financial year. The current forecast for this financial year is an overspend of £179k.

**7.6 External Operations and Climate Change:** The Capital programme spans a diverse range of activities that in part span several financial years. The Directorate has a robust programme management system to ensure the capital spend is tracked and drawn down in a timely manner. The current forecast for this financial year is a slight overspend of £26k.

**7.7 Housing and Communities:** The Directorate is proposing the realignment of the Better Care Fund grant to support areas of greatest need and demand. The grant income from the Better Care Fund will be used to assist vulnerable clients to live independently through the delivery of a number of schemes. The Executive is requested to approve a virement of the approved capital budget so that this is realigned to match planned service delivery, as shown in **Table 9** below. The Section 151 Officer has approved a budget reduction of £522k to offset a historic over-provision of approved budget compared to the total Better Care Fund income held.

**Table 9 – Realignment of Capital Budgets Funded By The Better Care Fund**

	Total Approved Budget	Capital Spend 2021/22	Capital Spend 2022/23	Capital Spend 2023/24	Capital Spend 2024/25	Un-allocated	Revised Approved Budget	Return	Virement
Disabled Facilities Grant	2,960,793	464,000	464,000	464,000	464,000	1,318,033	2,651,935	-522,098	213,240
IAC Staffing and Support	-	102,000	102,000	102,000	102,000	-	408,000		408,000
North Taunton Equity loans	1,000,000	-	-	300,000	300,000	-	600,000		- 400,000
Energy Efficiency Grants	182,000	92,000	92,000	92,000	92,000	-	368,000		186,000
Home Maintenance	320,000	57,000	57,000	57,000	57,000	-	228,000		- 92,000
Prevention Grants	491,240	44,000	44,000	44,000	44,000	-	176,000		- 315,240
<b>Total Capital Budget</b>	<b>4,954,033</b>	<b>759,000</b>	<b>759,000</b>	<b>1,059,000</b>	<b>1,059,000</b>	<b>1,318,033</b>	<b>4,431,935</b>	<b>-522,098</b>	<b>- 0</b>
<b>Net Receipts</b>	<b>4,431,935</b>								
<b>Budget Return</b>	<b>522,098</b>								

**7.8** The unallocated amount of £1.3m is currently earmarked to fund costs as detailed within the Single Homelessness and Rough Sleeper Accommodation Strategy & Delivery Plan report (Community Scrutiny – 29th July 2021). If approved by Members, this capital budget (and Better Care Funding) will be reallocated in part towards the capital grant and also towards revenue costs to deliver this strategy. The latter will need a reclassification of the Better Care Funding as revenue income and a reduction in capital budget from the unallocated balance in Table 9 above.

**7.9 Internal Operations:** Capital funding is profiled against technology projects including infrastructure upgrades to support cyber security improvements, finance system upgrades. Annual PC refresh upgrades and alarms for the lifeline service are also profiled here. Capital funding has also been allocated to support change programmes that have realigned the digital delivery programme and service improvement & efficiency programmes. The current forecast is an underspend of £105k for budgets that are no longer required.

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

- 8.1 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 2021/22 financial year are 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 several ways, such as insurances and maintaining reserves. This is a prudent approach and helps to mitigate unforeseen pressures.
- 8.2 The following general risks and uncertainties have been identified:
- a) **Year-end Adjustments:** There are certain items that 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.
  - b) **COVID 19:** Although work continues to identify as much as we can the impacts of COVID, there could still be short, medium and long term impacts to both income and expenditure which have not yet been identified.
  - c) **Unitary Council:** The Secretary of State has announced his decision on the future of local government in Somerset and has chosen the "One Somerset" option put forward by the County Council. This means there will be one new council for Somerset replacing the existing five councils in April 2023. The costs of implementation will be significant and will bring significant additional demand on officers to support the process with potential additional capacity required.
  - d) **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.
  - e) **Forecasting Assumptions:** It is conceivable that, whilst budget holders are optimistic that they will spend all their budget, experience shows an increase in underspends often reported in the last quarter of the financial year. The pace of spending may also reduce as capacity and delivery of priorities is affected by local government structural change.
  - f) **Job Costing Charges via Open Contractor (OC):** A project lead is now in post to thoroughly review and improve the efficient and accurate operational use of OC. The ability of affected services to accurately forecast their outturn position on job costs coming from OC remains at risk until improvements are fully implemented, although officers are working through ways to mitigate this issue in the interim.
  - g) **Pay Award:** The budgets have been set based on 0% pay award for 2021/22 following the Government's announcement in respect of public sector pay restraint. However pay negotiations for local government are still being undertaken. The current forecast estimates a 1.75% pay award increasing direct staffing costs by c£478k (£303k GF / £175k HRA).

- h) **Fleet Contract:** From the 1st October 2021, the Council is entering into a new contract for the maintenance and supply of its fleet. Actual vehicle requirements for each service area are being finalised. Once this work is complete then costs and budgets can be realigned and updated forecasts reported. Therefore, for Q1 the fleet maintenance costs have been forecast to budget until a more accurate forecast can be calculated. It is not anticipated that costs will be higher than budget. The contract will deliver year on year savings.
- i) **Landlord Property Compliance:** A review of all compliance areas against every property for which Somerset West and Taunton Council is responsible has largely been undertaken. The compliance works required following this review are currently being planned and procured. Whilst additional budget provision has been added for 2021/22 the full extent of the financial pressure remains uncertain as more information is gathered.
- j) **Asset Management:** The budgets for maintaining our assets do not hold any contingency for significant unforeseen repairs or improvement works. The Asset Management plan is evolving but progress has been, in part, been slowed by staff turnover. Significant budget carry forwards and earmarked reserves supplement the 2021/22 budgets in this area. An example of this would be North Hill, Minehead.
- k) **Homelessness:** This is a demand led service supporting a variety of complex needs. This service has received further Homelessness Prevention Grant and Rough Sleeper Initiative Government funding in 2021/22. The position needs to be kept under review pending the delivery of the Homelessness Strategy including the planned decant from the Canonsgrove site.
- l) **Revenues & Benefits:** The position on rent allowances/rent rebates could change significantly as a result of the recoupment and debt impairment adjustments. We can calculate these at a given point in time but are unable to reliably forecast what these will be at year end as the financial implications are volatile.
- m) **New Burdens:** SWT is expected to receive more New Burdens Grant Funding during the year which will increase our revenue income, but the amount is not yet known.
- n) **Interest and Investment Income:** There are two aspects impacting on investment returns. The first relates to cashflows, particularly in a year when substantial capital purchases are due to be made which, in turn, adds high risk of variations to budget because of the timing of transactions. Careful management of liquidity and borrowing decisions can, to some degree, mitigate this and produce favourable investment returns and in-year cost of borrowing. The second aspect relates to non-property investment performance. After a volatile and difficult year for investment performance shaped by the pandemic, recovery has been excellent. SWT's good performance is from strategic investments. We have received 4.5% income from strategic pooled funds in year. It means the income return from the total investment portfolio is 1.5% which, in terms of current money market investment returns, is particularly healthy.

- o) **Business Rates (Risk):** 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.
- p) **Business Rates (Issue):** The Government's calculator for Tax Income Guarantee grant included an error. A corrected version was issued after the 2020/21 accounts were closed. The impact of the error is that we over-accrued business rates, TIG income and BRR Pooling Gain by £244,850, which will adversely affect funding in 2021/22 when corrected. This will need to be offset by a transfer from the Business Rates Volatility Reserve.
- q) **Council Tax:** This income is under pressure due to the increase in discounts being issued. This will have an impact on the current year and future years. Regular review of statistics will be undertaken to monitor the situation.

## 9 Links to Corporate Aims / Priorities

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

## 10 Partnership Implications

- 10.1 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.

## 11 Scrutiny Comments / Recommendations

- 11.1 This report was considered by the Corporate Scrutiny Committee on 1 September. *To be updated following the committee.*

- 11.2 The main comments and questions were *(to be updated following the committee):*

a) *[To Be Confirmed]*

### Democratic Path:

- **Corporate Scrutiny - 1 September 2021**
- **Executive - 15 September 2021**
- **Full Council - No**

**Reporting Frequency: Quarterly**

### List of Appendices

Appendix A	Approved Capital Budget
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Appendix B	Capital Financing of Total Approved Budget
Appendix C	Annual Profiling of Approved Capital Budget
Appendix D	Profiled Capital Budget for 2021/22 Vs Forecast Capital Outturn for 2021/22

## Contact Officers

Name	Kerry Prisco
Direct Dial	01823 218758
Email	<a href="mailto:k.prisco@somersetwestandtaunton.gov.uk">k.prisco@somersetwestandtaunton.gov.uk</a>

Name	Emily Collacott
Direct Dial	01823 218742
Email	<a href="mailto:e.collacott@somersetwestandtaunton.gov.uk">e.collacott@somersetwestandtaunton.gov.uk</a>

Name	Paul Fitzgerald
Direct Dial	01823 217557
Email	<a href="mailto:p.fitzgerald@somersetwestandtaunton.gov.uk">p.fitzgerald@somersetwestandtaunton.gov.uk</a>

**Appendix A: General Fund Approved Capital Budget**

SWT Capital Programme	Prior Year Slippage	Approved Supplements not yet loaded into e5	Current Year Approval Feb 2021 Budget Setting	Total Approved Budget	Current year Virements	Current year Supplements	Current year Returns	Revised Current year Approved Capital Budget
Development and Place	28,088,143	111,993,577	575,000	140,656,720	-	-	-	140,656,720
External Operations and Climate Change	6,986,727	-	2,358,720	9,345,447	91,000	-	-	9,254,447
Housing & Communities	4,110,423	-	1,702,240	5,812,663	91,000	-	-	5,903,663
Internal Operations	1,515,070	-	515,000	2,030,070	-	-	-	2,030,070
Hinkley Capital Schemes	856,875	-	-	856,875	-	-	-	856,875
S106 Capital Schemes	-	-	-	-	-	-	-	-
<b>Total GF</b>	<b>41,557,237</b>	<b>111,993,577</b>	<b>5,150,960</b>	<b>158,701,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,701,774</b>

**Appendix B: Capital Financing of Total Approved Budget**

SWT Capital Programme	TOTAL CAPITAL FINANCING	Capital Grants CIL	Capital Grants	Section 106 Agreements	Capital Receipts	Unallocated Capital resources	General Fund RCCO	New Homes Bonus Reserve	Capital Funding Reserve	Other Earmarked Reserves	Borrowing
Development and Place	140,656,720	13,165,992	11,899,386	283,437	745,000	-	-	-	-	-	114,562,905
External Operations and Climate Change	9,254,447	-	4,993,461	-	2,153,720	-	45,000	-	-	-	2,062,266
Housing & Communities	5,903,663	-	4,954,033	455,682	385,446	-	-	-	108,502	-	-
Internal Operations	2,030,070	-	-	-	1,101,900	-	-	-	20,000	-	908,170
Hinkley Capital Schemes	856,875	-	856,875	-	-	-	-	-	-	-	-
S106 Capital Schemes	-	-	-	-	-	-	-	-	-	-	-
<b>Total GF</b>	<b>158,701,774</b>	<b>13,165,992</b>	<b>22,703,754</b>	<b>739,119</b>	<b>4,386,066</b>	<b>-</b>	<b>45,000</b>	<b>-</b>	<b>128,502</b>	<b>-</b>	<b>117,533,341</b>

**Appendix C: General Fund Annual Profiling of Approved Capital Budget**

SWT Capital Programme	Total Approved Budget	Capital Spend 2021/22	Capital Spend 2022/23	Capital Spend 2023/24	Capital Spend 2024/25	Capital Spend 2025/26	Capital Spend 2026/27	Capital Spend 2027/28	Capital Spend 2028/29
Development and Place	140,656,720	67,512,404	28,209,203	36,996,966	7,938,146	-	-	-	-
External Operations and Climate Change	9,254,447	5,191,860	4,062,586	-	-	-	-	-	-
Housing & Communities	5,903,663	1,502,601	965,029	1,059,000	1,059,000	1,318,033	-	-	-
Internal Operations	2,030,070	1,600,418	429,652	-	-	-	-	-	-
Hinkley Capital Schemes	856,875	856,875	-	-	-	-	-	-	-
S106 Capital Schemes	-	-	-	-	-	-	-	-	-
<b>Total GF</b>	<b>158,701,774</b>	<b>76,664,158</b>	<b>33,666,470</b>	<b>38,055,966</b>	<b>8,997,146</b>	<b>1,318,033</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Appendix D: Profiled Capital Budget for 2021/22 Vs Forecast Capital Outturn for 2021/22**

SWT Capital Programme	Profiled Capex Budget 2021/22	Expenditure YTD	Forecast Outturn 2021/22	Variance; - underspend + overspend
Development and Place	67,512,404	26,104,415	67,691,514	179,110
External Operations and Climate Change	5,191,860	1,642,496	5,217,798	25,938
Housing & Communities	1,502,601	91,757	1,502,601	-
Internal Operations	1,600,418	1,058,280	1,495,111	- 105,307
Hinkley Capital Schemes	856,875	93,000	856,875	0
S106 Capital Schemes	-	58,331	58,331	58,331
<b>Total GF</b>	<b>76,664,158</b>	<b>29,048,279</b>	<b>76,822,230</b>	<b>158,072</b>

# Somerset West and Taunton Council

## Corporate Scrutiny – 1 September 2021 Executive – 15 September 2021

### 2021/22 Housing Revenue Account Financial Monitoring as at Quarter 1 (30 June 2021)

This matter is the responsibility of Executive Councillor Smith, Housing

Report Author: Kerry Prisco (Management Accounting and Reporting Lead)

#### 1 Executive Summary

- 1.1 This report provides an update on the projected outturn financial position of the Council's Housing Revenue Account (HRA) for the financial year 2021/22 (as at 30 June 2021).
- 1.2 The revenue position is under significant pressure as it continues to be affected by the ongoing impact of COVID and operating within an environment of economic recovery. The service has a backlog of responsive and planned maintenance and compliance works to be undertaken. Costs are escalating in terms of materials, staffing, compliance, and servicing costs. Future financial pressures are still to be confirmed in terms of staff pay award, income collection, cost of implementing regulatory changes, and the cost of implementing a unitary authority. A thorough analysis of risks and uncertainties facing the HRA has been undertaken and careful monitoring of these will continue for early indications of emerging financial pressures.
- 1.3 There is currently sufficient capacity in general reserves to cover new in-year pressures identified to date and the current forecast outturn position. However, this significantly reduces the HRA's headroom to react to any new pressures that may emerge in this or future financial years.
- 1.4 Whilst best endeavours to forecast with as much accuracy as possible we have seen a historical change in forecasts each quarter and to year end. However, action is required to control spending to ensure the outturn is on or close to budget.
- 1.5 The housing senior management team are currently working through options to see what can be done to contain the overall position.
- 1.6 The current HRA **Revenue Budget** forecast is a projected overspend of £610k.
- 1.7 The HRA **Capital Programme** has a total approved budget of £118m. The profiled budgeted spend for 2021/22 is £29m and this is currently forecast to underspend by £7.7m.

- 1.8 The **unearmarked reserves** are projected to be £2.273m which is £273k above the recommended minimum balance of £2m.
- 1.9 The **earmarked reserves** opening balance is £1.1m. It is proposed that some earmarked reserve balances will need to be returned to general reserves to mitigate in-year budget pressures.

## **2 Recommendations**

- 2.1 The Executive Committee reviews and notes the HRA's forecast financial performance and projected reserves position for 2021/22 financial year as at 30 June 2021.
- 2.2 The Executive recommends that Full Council approves the reallocation of £869k of earmarked reserves to general reserves to support the Revenue Budget.
- 2.3 The Executive agrees in principle that the final pay award will be funded from General Reserves.

## **3 Risk Assessment**

- 3.1 Financial forecasts are based on known information and projections based on assumptions and reasonable estimates. As such any forecast carries an element of risk. The current forecasts included in this report are considered reasonable given the extra element of risk around COVID and pace of economic recovery and based on experience it is feasible the year end position could change. It is common for further variances to emerge during the last quarter, reflecting an optimism bias within previous forecasting.
- 3.2 Salient in year budget risks are summarised in section 9 in this report. The Council manages financial risk in several ways including setting prudent budgets, carrying out appropriate monitoring and control of spend, and operating robust financial procedures. The Council also holds both general and earmarked reserves which include contingencies to manage budget risk, though these are low for the HRA.

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

- 4.1 This report provides the HRA's forecast end of year financial position for revenue and capital expenditure as at 30 June 2021 for the Council's Housing Revenue Account (HRA).
- 4.2 The regular monitoring of financial information is a key element in the HRA'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 HRA's Medium Term Financial Plan and 30-Year Business 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. Budget Holders, with support and advice from their finance business partners, update their forecasts monthly 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 several risks and uncertainties are highlighted within this report. However, the following forecast is reasonable based on current information.

## 5 HRA Revenue Budget 2021/22 Forecast Outturn

- 5.1 The HRA is a ring-fenced, self-financing, account used to manage the Council's housing stock of some 5,700 properties, with the Council acting as the Landlord.
- 5.2 The Council retains all rental income to meet the costs of managing and maintaining the housing stock, as well as meeting the interest payments and repayment of capital debt.
- 5.3 The current year end forecast outturn position for the Housing Revenue Account for 2021/22 is a net overspend of £610k.

**Table 1: HRA Revenue Outturn Summary**

	Current Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Gross Income	-27,668	-27,677	-9	0.0%
Service Expenditure	15,335	15,954	619	4.0%
Other Expenditure	12,333	12,333	0	0.0%
<b>Total</b>	<b>0</b>	<b>610</b>	<b>610</b>	<b>2.21%</b>

- 5.4 The variances to budget are shown in more detail in Table 2 and following explanations.

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

	Current Budget £000	Outturn Forecast £000	Variance £000
<b>Gross Income:</b>			
Dwelling Rents	-24,951	-24,921	29
Non-Dwelling Rents	-704	-698	6
Charges for Services / Facilities	-1,623	-1,665	-42
Other Income	-389	-392	-2
<b>Sub-Total Gross Income</b>	<b>-27,668</b>	<b>-27,677</b>	<b>-9</b>
<b>Service Expenditure:</b>			
Development & Regeneration	287	244	-43
Community Resilience	154	168	14
Tenancy Management	1,991	2,119	128
Maintenance	4,202	4,557	354
Assets	1,346	1,293	-53
Compliance	2,317	2,549	233
Performance	5,037	5,024	-13
<b>Sub-Total Service Expenditure</b>	<b>15,335</b>	<b>15,954</b>	<b>620</b>

	<b>Current Budget £000</b>	<b>Outturn Forecast £000</b>	<b>Variance £000</b>
<b>Central Costs / Movement in Reserves:</b>			
Revenue Contribution to Capital	0	0	0
Interest Payable	2,669	2,669	0
Interest Receivable	0	0	0
Change in Provision for Bad Debt	180	180	0
Depreciation	7,663	7,663	0
Capital Debt Repayment	1,821	1,821	0
<b>Sub-Total Central Costs / Movement in Reserves:</b>	<b>12,333</b>	<b>12,333</b>	<b>0</b>
<b>Net Surplus(-) / Deficit for the Year</b>	<b>0</b>	<b>610</b>	<b>610</b>

## Income

- 5.5 **Dwelling Rent Income:** the budgeted income for 2021/22 is £24.951m, which reflects an assumption of 2% void losses and applying a 52-week year. The overall current projections suggest that less income will be recovered than predicted when setting the budget and providing an allowance for voids. However, it is early in the year and future level of voids could impact on the outturn.
- 5.6 **Charges for Services / Facilities:**
- 5.7 The budgeted income for 2021/22 for the **Service Charge Income for Dwellings** (after discounts have been applied to tenants such as Piper Charge to Sheltered Housing and Extra Care) less an average 2% void loss and applying a 52-week year, is £1.380m. The current projections suggest that c£30k more income will be recovered than predicted when setting the budget and providing an allowance for voids. However, it is early in the year and future level of voids could impact on the outturn.
- 5.8 The **Service Charge Income for Leaseholders** income for non-scheme lease holders is invoiced in arrears and therefore the actual income received relates to expenses incurred in the previous financial year. The budget was estimated at £233k. The current projections suggest that £24k more income will be collected compared to budget, reflecting the total of actual costs recharged.
- 5.9 The budgeted income for **Meeting Halls** for 2021/22 is £10k. The current projection is that no income will be received due to COVID restrictions preventing this service to be provided.

## Expenditure

- 5.10 **Development & Regeneration:** The underspend relates to a few posts held vacant for the early part of the year. The delivery of new development projects has not required this resource as the service has focused on establishing a development pipeline. The development pipeline of 342 units is now established and following procurement and planning this resource in the structure will be required as the service increasingly moves into delivery from 2021/22.

- 5.11 **Community Resilience:** A small overspend against budget for staffing costs due to a delayed reduction in hours.
- 5.12 **Tenancy Management:** this is a combination of additional staffing costs to backfill absences, vacant posts and additional workload, as well as additional cost of compliance works on meeting halls.
- 5.13 **Maintenance:** The variance shown results from works carried out outside of the core maintenance system. There is an ongoing project to investigate the output of the job costing system (including how reliably it classifies capital vs revenue works). In the meantime, forecasts relating to the core system are being shown at budget. In anticipation that the whole of the available budget will be required to cover jobs processed through the system, for prudence other costs including directly invoiced works (not processed through the system) and fleet costs which do not presently carry a specific budget are being forecast as an overspend. This amounts to £450k and is offset by savings against staff budgets circa £100k.
- 5.14 **Assets:** The variance shown is primarily due to the external decorations programme being reviewed to align with the capitalised Fascias and Soffits programme (see Major Works section below). This is currently being reviewed and consideration is being given to implementing an accelerated external decorations programme, thus reducing this potential underspend at year-end.
- 5.15 **Compliance:** The variance shown is primarily due to two key areas of compliance activity, namely the updated property asbestos survey programme and the property electrical inspection programme. In particular, the electrical safety checks being undertaken are identifying a higher level of required remedial actions – these cost pressures against the HRA revenue budget are being reviewed and will be mitigated as far as possible by capitalising where appropriate to do so.
- 5.16 **Performance:** Of the total budget of £5m, £3.972m relates to shared costs such as support services, pension deficit, governance leaving £1.065m on operating costs such as staffing, insurance, training, travel, stationery, printing and bank charges, as well as the Tenants Empowerment and Tenants Action Group.
- 5.17 The minor under spend is a combination of various minor over spends offset by part year vacancy savings in the performance team and forecast underspends in both Tenants Empowerment and Tenants Action Group.

## **6 HRA Capital Programme**

- 6.1 The HRA approved Capital Programme is £118.3m. This consists of £13.8m of new schemes approved for 2021/22 plus £104.5m of previously approved schemes in prior years (see **Appendix A**).
- 6.2 The Council plans to finance this investment through the Major Repairs Reserve, Capital Receipts, Revenue Funding and Borrowing (see **Appendix B**).

- 6.3 The HRA Capital Programme relates to in-year works and longer-term schemes that will be completed over the next ten years. The current planned profiled spend is summarised in **Appendix C**.
- 6.4 Further information on the three distinct areas of the HRA capital programme and its financial performance to date against this financial year can be found below and in **Appendix D**. This is currently forecast to underspend by £7.7m.
- 6.5 **Major Works:** The approved budget of £14.5m is funded by the Major Repairs Reserve and relates to spend on major works to existing dwellings. New schemes approved for 2021/22 total £8.9m with slippage from the prior year of £5.6m.
- 6.6 All internal capital programme works were placed on hold during the COVID lockdown periods, and some external works were also delayed, causing budget slippage to occur from the 2020/21 financial year. We have therefore put in place plans to increase the level of overall capital programmes to be delivered in 2021/22, although it should be noted that delivering this volume of works will be very challenging. We are recruiting additional capital programme staff resources to assist with delivery of these programmes and we are also undertaking further procurement for a range of new capital contracts.
- 6.7 The 2021/22 capital programme includes major programmes such as:
- Kitchens
  - Bathrooms
  - Air Source Heat Pumps
  - Heating improvements
  - Insulation and ventilation
  - Door entry systems
  - External doors
  - Fasciae and soffits
  - Roofing
  - Windows
  - Special Projects (e.g. major refurbishment, external improvement works, structural works, etc.)
- 6.8 The current forecast projection is an underspend against budget of £4.5m.
- 6.9 **Improvements:** The approved budget of £3.8m is funded by the Major Repairs Reserve and relates to spend on improvements to existing dwellings. New schemes approved for 2021/22 total £1.1m with slippage from the prior year of £2.7m.
- 6.10 As noted in Major Works above, all internal capital programme works were placed on hold during the COVID lockdown periods causing budget slippage to occur from the 2020/21 financial year and this also affected some improvement programmes. Fire safety improvement works are being prioritised following recommendations from recently completed Fire Risk Assessments. We have therefore carried out further procurement on two significant areas (installation of replacement fire doors, and new emergency lighting to communal areas) and these contracts are to commence shortly. The spike in

procurement activity is placing increased pressure on contract management and procurement capacity, with additional temporary resources recently recruited to help mitigate this.

- 6.11 The current forecast projection is an underspend against budget of £30k on meeting halls and garages.
- 6.12 **Social Housing Development Programme:** The approved budget of £100m is for the provision of new housing through schemes such as Phases A-E for North Taunton Regeneration (NTWP), Seaward Way, Oxford Inn, Zero Carbon Affordable Homes and other buybacks to increase the Council's housing stock.
- 6.13 The new build programme has entered into one contract (Phase A NTWP) and is due to enter into a second contract (Seaward Way) in 2021/2022. This will obligate SWT through contract £21m between 2021/2024 and SWT will gain 101 new low carbon council homes and a community facility. Both contracts are design and build and therefore provide the council with cost certainty and costs risk will primarily be held by the contractors. The service is also bringing forward a new planning application for NTWP phases B and C.
- 6.14 The Director of Housing will consider the decanting of Phase Ci (12 tenanted units) in late summer in anticipation of a start on site for Phase B and Ci early next financial year. Rent loss at NTWP will increase up to 2025/2026 at which time additional units, over those demolished, will generate greater income at the point of phase D delivery. Predicted void loss is reflected in the HRA Business Plan and this will continue to be updated with business plan reviews. The decant strategy will decant customers in smaller subphases and retain as many customers within the scheme area through a two-move approach in order to maximise rental income. Some NTWP dwellings will continue to be used for temporary accommodation providing an income to mitigate some rent loss.
- 6.15 The service will review the delivery timescales and budget for the 61 new build units in the zero carbon affordable homes pilot and Oxford Inn following planning permission which is subject to a requirement to mitigate against phosphates. The garage income from these sites will not be affected by the proposed development until contracts are let for the schemes. Refurbishment schemes at Oake and NTWP Phase E will commence 2022/2023 with rent loss being controlled by limiting the number of units under refurbishment to circa four per scheme at any one time.
- 6.16 Please note that there have been changes to the use of Right To Buy (RTB) receipts which are favourable to SWT and its new build programme. The new rules will increase the subsidy available for new build schemes by circa 10% and reduce the borrowing required for the schemes. All schemes are being future proofed to meet 2030 and 2050 low and zero carbon targets.
- 6.17 The current forecast projection is an underspend against budget of £2.9m as new build schemes are projected to meet RTB 1-4-1 spend requirements instead of purchases.

## **7 HRA Earmarked Reserves**

- 7.1 The HRA Earmarked Reserves (EMR) at the beginning of 2021/22 were £1.107m (see **Table 3** below).
- 7.2 The Director is proposing to return the Social Housing Development Fund earmarked reserves and part of the One Teams earmarked reserves to general reserves to support the Revenue Budget in funding other priorities. The Social Housing Fund has been used in the past to fund development feasibility studies and other related asset costs. However now the service has a comprehensive development pipeline this budget is no longer required for this purpose. Each development scheme will now be funded by its approved specific project budget. The One Team budget reduction will leave £6K in this EMR to fund Christmas activities and complete the Create a Place projects currently underway in Halcon and North Taunton. Future projects will be considered on a case by case basis and resourced from other revenue budgets.

**Table 3: Balance of Earmarked Reserves held at 1 April 2021**

Description	Balance B/F £000	Proposed Return to General Reserves	Balance B/F £000
HRA One Teams	26	-20	6
HRA Social Housing Development Fund	849	-849	0
HRA Hinkley	57	0	57
HRA Contribution to Change	175	0	175
<b>HRA Total</b>	<b>1,107</b>	<b>-869</b>	<b>237</b>

## **8 HRA Unearmarked Reserves**

- 8.1 The HRA general reserves at the start of the year were £2.686m. This is £686k above the minimum recommended reserve level of £2m. Remaining at or above these targets provides financial resilience to in year pressures through volatility and unforeseen cost increases and income reductions.
- 8.2 The proposal is to increase general reserves by returning £869k of earmarked reserve that are no longer required for their original purpose. However, there are several in-year commitments and pressures that are being proposed to be funded from general reserves if savings cannot be found during the year. The current outturn position is forecast to be a net overspend of £660k.
- 8.3 If the forecast outturn position does not improve the deficit will impact on reserve balances, decreasing them to £2.273m, which is £273k above the recommended minimum balance of £2m. There is a risk that reserves will fall below the adequate minimum balance if further pressures emerge and / or the outturn position increases further.
- 8.4 **Table 4** below summarises the movement on the HRA unearmarked reserves during 2021/22.

**Table 4: HRA Unearmarked Reserves Balance**

	Approval	£'000
<b>Balance Brought Forward 1 April 2021</b>		<b>2,686</b>
Approved - OC & Supply Chain Project Lead	Director / S151	-19.5
Approved - Housing Policy Lead x1	SMT	-40
Approved - Housing Performance CM (Complaints) x1	SMT	-25
Approved - Housing Improvement Programme Manager	SMT	-80
Approved - Compliance Administrator	SMT	-23
Approved - Stock Condition Surveyors x2	SMT	-89
Approved - Landlord Compliance Specialist	SMT	-33
Approved - Building Safety CM	SMT	-25
Approved - Assets Admin Assistant	SMT	-18
Approved - Electrical Supervisor	SMT	-28
Approved - Tradesperson	SMT	-21
Provisional - Released EMRs	Full Council - tbc	869
Provisional - 1.75% Pay Award	Executive - tbc	-175
Provisional - Share of Additional H&S Costs	Director	-96
<b>Forecast Balance after current commitments</b>		<b>2,883</b>
Projected Outturn - Total variance		-610
<b>Forecast Balance 31 March 2022</b>		<b>2,273</b>
Recommended Minimum Balance		2,000
Projected Balance above recommended Minimum Balance		273

## 9 Risk and Uncertainty

- 9.1 Budgets and forecasts are based on known information and the best estimates of the housing service's future income and expenditure activity. Income and expenditure over the financial year is controlled 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.
- 9.2 There are certain items that 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.
- 9.3 The current areas of risk and uncertainty being reported include:
- 9.4 **Dwelling Rent and Service Charge Income:** The dwelling rent and service charges income budget is set with an assumed level of voids at 20% for temporary accommodation and 2% for general needs, extra care and sheltered accommodation. This is monitored during the year but may result in variances to budget in the final outturn position.

- 9.5 The Temporary Accommodation rental income budget included additional interim properties in the North Taunton area. These were based on estimated phasing of decant which will change as the decant progresses causing a variance in the income obtained.
- 9.6 **Garage Rental Income:** This is expected to be lower than budgeted due to a reduction in activity in advertising lettings and planned voids in certain areas pending change in use.
- 9.7 **Repairs & 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, roof leaks, etc), 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. Market pricing of materials etc can also be volatile with some unit costs increasing in recent months. As such the levels of demand do not always follow a recognisable trend. We therefore caveat the forecasts in these areas to account for fluctuations.
- 9.8 **Fleet Contract:** From the 1st October 2021, the Council is entering into a new contract for the maintenance and supply of its fleet. Actual vehicle requirements for each service area are being finalised. Once this work is complete then costs and budgets can be realigned and updated forecasts reported. Therefore, for Q1 the fleet maintenance costs have been forecast to budget until a more accurate forecast can be calculated.
- 9.9 **Landlord Compliance:** A review of all compliance areas against every property for which Somerset West and Taunton Council has landlord property compliance responsibility has largely been undertaken. The compliance works required following this review are currently being planned and procured. Whilst additional budget provision has been added for 2021/22 the full extent of the financial pressure remains uncertain as more information is gathered.
- 9.10 **Electrical Compliance:** As noted above, a high number of remedial works have been identified from the electrical inspection condition reports. The majority of this is expected to fall under 'major' works and capitalised. However, an unknown proportion of this will only be 'minor' works and will need to be funded from revenue presenting a potential overspend.
- 9.11 **Open Contractor:** A project lead is now in post to thoroughly review and improve the efficient and accurate operational use of OC. The underlying issues around timing of information and accuracy of coding still remains and the ability of services to accurately forecast their outturn position on charges coming from OC remains low though still largely affected by the demand led nature of the service.
- 9.12 **Staff Pay Award:** The budgets have been set based on 0% pay award for 2021/22 following the government's announcement in respect of public sector pay. However, pay negotiations are still being undertaken. The current forecast estimates a 1.75% pay award increasing direct staffing costs by c£175k and there is a request to the Executive to agree in principle that the final pay award will be funded from General Reserves.

- 9.13 **COVID-19:** The impact of COVID during the last financial year included delays in responsive repairs works (Revenue) and planned major and improvement works (Capital) reducing spend in these areas. The repairs non-emergency backlog is being resolved by recruitment of additional resources for the in-house trade team and by use of external contractors. However, we continue to have difficulty in recruitment of in-house skilled tradespersons for a range of work areas. We continue to carefully monitor and manage progress in this area and keep residents informed in relation to their repair requests.
- 9.14 The ongoing impact of the pandemic presents a risk to the Housing Service, particularly in terms of revenue collection as well as impact on tenant mental health and wellbeing. We have already seen a drop in inflation rates impacting our future income and expenditure, however another significant risk relates to financial hardship that will result from the impact of COVID, particularly following the ending of government support such as furlough and the current uplift in Universal Credit. The net result is likely to be higher unemployment and much tighter finances for many households which will impact on their ability to pay rent. Furthermore, there may be an increasing need to invest more in support services for tenant households affected by the impact of COVID. This could present across a range of service demands including increased debt and benefits advice; unemployment support, mental health support; anti-social behaviour intervention, safeguarding and domestic abuse support.
- 9.15 In addition, there has been substantial increases on a range of construction materials (and this pattern is expected to continue). Also, difficulties in recruitment of construction professional and trades staff for both normal work levels and COVID backlog is leading to salary inflation. Both of these factors are putting further pressure on a number of revenue and capital budgets.
- 9.16 **Unitary Authority:** The Secretary of State has announced his decision on the future of local government in Somerset and has chosen the "One Somerset" option put forward by the County Council. This means there will be one new council for Somerset replacing the existing five councils in April 2023. The costs of implementation will be significant and will bring significant additional demand on officers to support the process with potential additional capacity required.
- 9.17 It is currently unknown what the future potential HRA costs will be because of this decision, and whether these costs will need to be funded using revenue or capital budgets. From a capital perspective the business plan does provide some headroom to allow non-right to buy receipts to be used as flexible capital receipts to fund transformation costs. However, this direction ends on the 31 March 2022 and whilst a statement of intent has been issued by the Government to extend this directive for a further three years, this has not yet been confirmed. Revenue costs of implementation are not currently budgeted and will place additional pressures on the HRA budget and reserves, thus we will need to review planned expenditure and reserves to make this affordable.
- 9.18 **Right To Buy (RTB) Receipts:** This is a government policy that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. The receipts allowed to be retained by the Council can now fund up to 40% of new social housing

costs and must be used within five years of receipt, following a temporary amendment to the scheme policy from the 1 April 2021. To date, the Council has successfully fully spent all of their retained 1-4-1 receipts resulting in no returns being made to the Treasury/MHCLG.

- 9.19 Whilst projected spend on new build developments is currently adequate to meet 1-4-1 spend requirements this is dependent on the successful delivery of these social development schemes. There is a risk that progress on new build schemes could be delayed and purchasing houses on the open market is also hindered, both as a direct result of COVID, and may result in funds being return to MHCLD / Treasury.
- 9.20 **Welfare Reform and Universal Credit (UC):** The impacts of Welfare Reform and UC are significant with the number and value of rent accounts in arrears expected to increase considerably. A number of mitigations are already in place to help support tenants affected by Welfare Reform and UC such as debt advice, access to discretionary housing payments and a new arrears management team with redesigned workflow processes. Welfare Reform and UC may require the Council to revise future income projections as our experience with Welfare Reform and UC develops.
- 9.21 **Responding to increased stock quality standards:** Changes to the Regulator of Social Housing's decent home standard as well as higher thermal efficiency standards which are unsupported by additional external grant funding would place an additional burden on HRA resources available for elemental investment in homes. Once the detail is known, we will need to adapt to ensure we continue to maintain stock at the Decent Homes Standard and prepare to meet all the evolving expectations, incorporating the financial impacts into the Business Plan.
- 9.22 **Building Regulation and Fire Safety:** The Grenfell Tower fire and subsequent Review of Building Regulation and Fire Safety bring several operational and financial risks. These have been mitigated with the increases in revenue and capital budgets aproved for 2021/22 for compliance related work. However, the exact costs are currently unclear. There are likely to be other impacts, such as on the repairs budget due to additional work to communal areas, more intensive management of flat blocks and further resilience within teams to respond to the volume and breath of enquiries. We will need to ensure continued compliance with these statutory requirements.
- 9.23 **Housing White Paper:** In November 2020 the Government published the Housing White Paper which sets out the changes to how social landlords will operate. It will require several changes to home safety, tenant satisfaction measures, complaints handling, a new inspection regime for social landlords and a strengthened role for the Regulator of Social Housing. Many of the new changes in the white paper have already been mitigated in Housing by strengthening our compliance activities, setting up the new Housing Performance Team to be responsible for communications, performance data and engagement but this will need to be kept under review and self-assessment has begun.

## 10 Links to Corporate Aims / Priorities

- 10.1 The financial performance of the Council underpins the delivery of corporate priorities

and therefore all Corporate Aims.

## 11 Partnership Implications

11.1 A range of HRA services are provided through partnership arrangements such as MIND, citizen's advice, Inspire to Achieve, Taunton East Development Trust, North Taunton and Wiveliscombe Area Partnership. The cost of these services is reflected in the Council's financial outturn position for the year.

## 12 Scrutiny Comments / Recommendations

12.1 *To be updated following the committee.*

### Democratic Path:

- Corporate Scrutiny - 1 September 2021
- Executive - 15 September 2021
- Full Council - No

**Reporting Frequency: Quarterly**

### List of Appendices

Appendix A	Approved Capital Budget
Appendix B	Capital Financing of Total Approved Budget
Appendix C	Annual Profiling of Approved Capital Budget
Appendix D	Profiled Capital Budget for 2021/22 Vs Forecast Capital Outturn for 2021/22

### Contact Officers

Name	Kerry Prisco
Direct Dial	01823 218758
Email	<a href="mailto:k.prisco@somersetwestandtaunton.gov.uk">k.prisco@somersetwestandtaunton.gov.uk</a>

Name	James Barrah
Direct Dial	01823 217553
Email	<a href="mailto:j.barrah@somersetwestandtaunton.gov.uk">j.barrah@somersetwestandtaunton.gov.uk</a>

Name	Paul Fitzgerald
Direct Dial	01823 217557
Email	<a href="mailto:p.fitzgerald@somersetwestandtaunton.gov.uk">p.fitzgerald@somersetwestandtaunton.gov.uk</a>

**Appendix A: HRA Approved Capital Budget**

SWT Capital Programme	Prior Year Slippage	Approved Supplements not yet loaded into e5	Current Year Approval Feb 2021 Budget Setting	Total Approved Budget	Current year Virements	Current year Supplements	Current year Returns	Revised Current year Approved Capital Budget
Major Works	5,646,075	-	8,883,710	14,529,785	-	-	-	14,529,785
Fire Safety	1,553,967	-	202,000	1,755,967	-	-	-	1,755,967
Related Assets	30,073	-	100,000	130,073	-	-	-	130,073
Exceptional & Extensive	-	-	293,500	293,500	-	-	-	293,500
Vehicles	347,800	-	121,000	468,800	-	-	-	468,800
ICT	745,598	-	-	745,598	-	-	-	745,598
Aids & Adaptations & DFGs	-	-	370,000	370,000	-	-	-	370,000
<b>Sub-Total Majors &amp; Improvements</b>	<b>8,323,513</b>	<b>-</b>	<b>9,970,210</b>	<b>18,293,723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,293,723</b>
Social Housing Development	96,203,047	-	3,830,000	100,033,047	-	-	-	100,033,047
<b>Total HRA</b>	<b>104,526,560</b>	<b>-</b>	<b>13,800,210</b>	<b>118,326,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,326,770</b>

**Appendix B: HRA Capital Financing of Total Approved Budget**

SWT Capital Programme	TOTAL CAPITAL FINANCING	Capital Grants	Right To Buy (RTB) Capital Receipts	Capital Receipts	HRA Revenue Contribution	Major Repairs Reserve	Other Earmarked Reserves	Borrowing
Major Works	14,529,785	-	-	-	-	14,529,785	-	-
Fire Safety	1,755,967	-	-	-	-	1,755,967	-	-
Related Assets	130,073	-	-	-	-	130,073	-	-
Exceptional & Extensive	293,500	-	-	-	-	293,500	-	-
Vehicles	468,800	-	-	-	-	468,800	-	-
ICT	745,598	-	-	-	-	745,598	-	-
Aids & Adaptations & DFGs	370,000	-	-	-	-	370,000	-	-
<b>Sub-Total Majors &amp; Improvements</b>	<b>18,293,723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,293,723</b>	<b>-</b>	<b>-</b>
Social Housing Development	100,033,047	470,000	18,789,868	-	-	-	-	80,773,179
<b>Total HRA</b>	<b>118,326,770</b>	<b>470,000</b>	<b>18,789,868</b>	<b>-</b>	<b>-</b>	<b>18,293,723</b>	<b>-</b>	<b>80,773,179</b>

### Appendix C: HRA Annual Profiling of Approved Capital Budget

SWT Capital Programme	Total Approved Budget	Capital Spend 2021/22	Capital Spend 2022/23	Capital Spend 2023/24	Capital Spend 2024/25	Capital Spend 2025/26	Capital Spend 2026/27	Capital Spend 2027/28	Capital Spend 2028/29
Major Works	14,529,785	14,529,785	-	-	-	-	-	-	-
Fire Safety	1,755,967	1,755,967	-	-	-	-	-	-	-
Related Assets	130,073	130,073	-	-	-	-	-	-	-
Exceptional & Extensive	293,500	293,500	-	-	-	-	-	-	-
Vehicles	468,800	468,800	-	-	-	-	-	-	-
ICT	745,598	372,799	372,799	-	-	-	-	-	-
Aids & Adaptations & DFGs	370,000	370,000	-	-	-	-	-	-	-
<b>Sub-Total Majors &amp; Improvements</b>	<b>18,293,723</b>	<b>17,920,924</b>	<b>372,799</b>	-	-	-	-	-	-
Social Housing Development	100,033,047	11,933,318	30,525,739	16,635,980	11,824,610	12,846,700	10,966,880	4,522,260	777,560
<b>Total HRA</b>	<b>118,326,770</b>	<b>29,854,242</b>	<b>30,898,538</b>	<b>16,635,980</b>	<b>11,824,610</b>	<b>12,846,700</b>	<b>10,966,880</b>	<b>4,522,260</b>	<b>777,560</b>

### Appendix D: HRA Profiled Capital Budget for 2021/22 Vs Forecast Capital Outturn for 2021/22

SWT Capital Programme	Profiled Capex Budget 2021/22	Expenditure YTD	Forecast Outturn 2021/22	Variance; - underspend + overspend
Major Works	14,529,785	318,807	9,938,283	- 4,591,502
Fire Safety	1,755,967	- 399,769	1,755,967	-
Related Assets	130,073	16,389	99,615	- 30,458
Exceptional & Extensive	293,500	- 64,213	293,500	-
Vehicles	468,800	-	468,800	-
ICT	372,799	93,884	372,799	-
Aids & Adaptations & DFGs	370,000	11,083	370,000	-
<b>Sub-Total Majors &amp; Improvements</b>	<b>17,920,924</b>	<b>- 23,818</b>	<b>13,298,963</b>	<b>- 4,621,961</b>
Social Housing Development	11,933,318	235,765	9,010,257	- 2,923,061
<b>Total HRA</b>	<b>29,854,242</b>	<b>211,947</b>	<b>22,309,220</b>	<b>- 7,545,022</b>



## **DRAFT**

# **Somerset West and Taunton Council**

## **Scrutiny Committee – 1<sup>st</sup> September 2021 / Executive – 15<sup>th</sup> September 2021**

### **Corporate Performance Report, Quarter 4 and Out-turn, 2020/21**

**This matter is the responsibility of Executive Councillor Member Ross Henley.**

**Report Author: Malcolm Riches, Business Intelligence and Performance Manager.**

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

This paper provides an update on the council's performance for the first quarter (1<sup>st</sup> April 2021 – 30<sup>th</sup> June 2021) of the 2021/22 financial year. The report includes information for a range of key performance indicators and includes the key business risks for the council.

#### **2. Recommendations**

Councillors are asked to consider the performance report.

#### **3. Risk Assessment**

Failure to regularly monitor performance could lead to the council not delivering on some of its corporate priorities.

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

As part of the Councils commitment to transparency and accountability this report provides an update on performance for a number of key indicators. The pandemic continues to have a significant impact and the council's response is being achieved in addition to the regular day-to-day responsibilities.

##### **4.1 Key Performance Indicators**

The table in Appendix 1 includes the councils Key Performance Indicators and shows how the council has performed for the first quarter of 2021/22 financial year. For this financial year, the number of key performance indicators has been increased so that more council services are included. The table includes a "direction of travel" arrow to show whether performance has improved, worsened or stayed the same, since the end of 2020/21.

The key performance indicators have also been aligned to the 4 key themes of the Corporate Strategy, and a summary of performance for each theme is shown on the image below:

## Corporate Key Performance Indicators 2021/22 – Quarter 1

Somerset West  
and Taunton



For the majority of indicators the target has either been met or, in many cases, has been exceeded. Overall there are 4 'Red' and 5 'Amber' indicators, which are being monitored closely. More information is provided below regarding the red and amber indicators.

### *Percentage of complaints responded to in 10 working days:*

The percentage of complaints responded to in 10 days during the quarter was 86%, which is slightly below target. Although below target, 86% still represents a significant improvement on the position this time last year when only 50% of complaints were responded to on time. This demonstrates that the focussed work we are undertaking to address the way complaints are managed continues to be successful.

We also monitor the response rates monthly and have included those figures in Appendix 1. The monthly figures indicate a worsening response rate each month from April through to June (April: 89%, May: 86% and June: 83%). Clearly this is of concern so we have looked in detail at the reasons for this.

There is no single reason why the response rates have dropped. The number of complaints received during quarter 1 of this financial year (391) has increased significantly from those received in the final quarter of the previous financial year (247). Having a greater volume of complaints to deal with is presenting challenges in some areas in being able to respond within the target time frame during what is usually a very busy period. In addition, we are aware of a small number of complex cases, where, due to their complexity, it is not realistic for us to be able to respond within the timeframe.

We also now operate a two-stage complaints process. 31 of the 391 complaints received during quarter 1 are second stage appeals, which we would not previously have received under the single stage process in operation last year.

The increase in the number is in part seasonal and is also reflective of the ongoing issues we are experiencing with waste collection and in response to our switching back on our full debt recovery processes for unpaid debts and taxes. In addition, these issues are generating increased numbers of telephone calls and an increased number of resultant complaints where we are unable to answer those calls in a timely manner.

We reviewed our complaints process last year, introduced changes, provided training and have continued to maintain a focus on complaints response times. Overall these changes and focus on complaints continues to deliver significantly improved response times. Action is being taken to address the issues which have generated additional complaints during quarter 1.

#### *Average call wait times:*

The aim is to answer calls within 60 seconds, but for June, the average call answering time was 113 seconds. The target has not been met any month this quarter. This is as a result of an increased number of calls and due to the nature of the calls and an increase in the duration of the calls. Much of this is attributed to the unprecedented issues currently being faced by the Somerset Waste Partnership and the contractor Suez. We have also restarted our normal recovery processes for Council Tax, Business Rates and miscellaneous income which has also influenced call volume and duration. Call performance has also been impacted by the reopening of the Customer Hubs which has drawn Customer Champions away from call handling to manning the offices. A more detailed update on the issues and our response is included in Appendix 2.

#### *Percentage of Licensing applications processed within timescales:*

The percentage of Licensing requests processed within timescales is 89%, against a target of 90%. Following a drop in performance during quarter 3 and 4 last year, performance has improved, and continues to do so. In April 86% of requests were completed on time, and this has increased to 90% in May and 91% in June.

Despite falling short of the target this quarter, the Licensing service have met all statutory obligations. The majority of applications not completed within the target timeframe were made in accordance with the Licensing Act 2003 and received tacit consent; this is where a licence is treated as having been granted if the objection

period passes without an objection or the Licensing Authority does not determine the application within a prescribed time period. Tacit consent is something the Licensing service is wary of as it can, in some cases such as caravan site and pavement licensing, result in the granting of a licence without conditions which are required to uphold the principals and objectives of those regimes. This is not the case with applications made in accordance with the Licensing Act 2003, where conditions do apply whether that application receives tacit consent or not.

The delay in completing these Licensing Act 2003 applications was at the end of the process; issuing the licence document following the completion of all initial steps i.e. their being logged on the Licensing back office system, circulation to responsible authorities and determination following the objection period. This was part of a deliberate prioritisation and balancing of work pressures. The backfilling of vacant roles within the team has enabled the service to catch up and clear the bulk of this backlog, and the trajectory of improved performance is expected to continue.

#### *Forecast budget variance for General Fund and for Housing Revenue Account.*

Detailed commentary is included in the separate Budget Monitoring Report.

#### *Cumulative percentage of the amount of Business Rates collected.*

The Quarter 1 figure is 25.98% which is down 5.61% (£2.7 million) compared to the same period last year. However, a like for like comparison is impossible because the amount of Business Rates being collected rose significantly from 1 July 2021 from £23 million to £49 million. This is due to the ending of the Covid related 100% Retail Relief on 30 June 2021. We anticipate collection rates improving steadily over the year as businesses, who were previously receiving the 100% relief, start to pay the additional amounts that they have been billed. However, the raising of a significant additional debit part way through the year will skew the collection figures throughout this year and it will be difficult to predict the year end collection position.

The Council is in a much better position compared to last year because all recovery actions are back to normal. Automated monthly reminders and regular Summonses are both being issued prompting more cashflow. We are actively encouraging people and businesses who are experiencing difficulty in making payments to contact us in order that we can agree affordable payment arrangements with them. Unpaid court cases are now being sent to our Enforcement Agents and this will result in higher collection rates in the future.

#### *Percentage of reported fly tipping incidents responded to in 5 working days.*

The performance target for fly tipping is 80% to be collected within five working days. The performance for the quarter was 75% which is below the target of 80%. In April, performance was 71% and in May it was 66%. Importantly, this is not a failure to collect, but that the contractor has missed its target of collecting within five working days. This was due to a number of extenuating factors, including a rise in the amount of fly-tipping. The below target performance was addressed with the contractor, Idverde, at monthly contractual meetings and there has subsequently been a significant

improvement in performance in June to 93%. The contract continues to be tightly managed to ensure that a high level of performance is maintained.

*Percentage of planning appeals that have had the decision overturned.*

The number of planning appeals is generally low (there have been 48 in the past 12 months), and because of the low numbers, it only takes a few appeals to have a big impact on the percentage. Of the 48 appeals, 20 have had the decision overturned by the Planning Inspectorate. Of the decisions overturned 2 were Committee decisions where the officer recommendation was for approval.

For the indicators which measure the length of time taken to process planning applications, the nationally prescribed definition for these indicators calculates applications at the point when they are determined. Due to the current phosphates issues, there are approximately 100 planning applications on hold which equates to approximately 2300 dwellings. There are also 13 sites where the Council has not been able to discharge pre-commencement conditions and this affects approximately 450 dwellings.

*Average re-let time in calendar days*

The average re-let time for council properties over the past quarter was 52.1 days, and did not achieve the target of 44 days. This performance indicator is widely used by housing providers, and the target has been set to reflect national best practice. Good progress is being made towards achieving specific targets for both Major voids and Minor voids. However, there have been a higher proportion of major voids, which take longer, and this has a negative impact on the average re-let time which is why it is above target. This is a large area of work with approximately 100 voids every quarter. There are a number of challenges facing void work, particularly regarding some of the compliance issues, which are having an impact across the housing sector.

Performance for the indicator which measures the “Income collected as a percentage of rent owed, excluding arrears brought forward” is better the target, and is rated as green. The performance is over 100% because tenants have paid more than is due in the period i.e. they are paying towards their rent arrears as well as paying the current rent due in the period – in setting the target the formula assumes arrears balances brought forward are being excluded but the income tenants have actually paid towards their arrears is not being excluded.

#### 4.2 Risk Management update

As outlined in the separate report on Risk Management in May, the quarterly Corporate Performance Reports will include an update on the key business risks and issues for the Council.

Processes are in place within each directorate to regularly review existing and identify any new risks. As new risks are identified they are included on the risk register and

mitigations are identified and planned. A target date is set as to when the mitigations should be in place, and a lead officer is appointed.

The risks are all scored based on their probability and potential impact. Risks with a higher score are likely to have a more detailed mitigation plan. Issues are things which have already happened, so they are not scored in the same way as risks, but they have a RAG status which relates to the severity of the issue.

As of the end of June there were 6 Key Business Risks (with a score of 15 or higher) on the risk register.

### Key Business Risks at 30<sup>th</sup> June:

REF	Corporate Objective	Risk area	Risk Title	Risk Score			Owner
				Impact	Probability	Overall score	
CR11	A Transparent and Customer Focused Council	ICT	Cyber security threats.	4	4	16	Alison North
CR15	Our Environment and Economy	Emergency Planning	Civil contingencies and organisational resilience	5	3	15	Stuart Noyce
CR22	A Transparent and Customer Focused Council	Health and Safety Compliance	Failure of Risk Assessment process for staff operations leading to incident or near miss.	4	4	16	Alison North
CR23	Homes and Communities	Health and Safety Compliance	Failure to comply with Landlord Property Safety Compliance requirements leading to regulatory failure, failure to comply with the law, incident causing injury or death, negative PR, and financial loss (compensation and / or fine).	4	4	16	James Barra
CR27	All	Unitary	Maintaining operational delivery during period of significant change.	4	4	16	James Hassett
CR29	Our Environment and Economy	Major contracts	Delay in "Recycle More" project	5	4	20	Stuart Noyce

As of the end of June the Corporate Issues Log contained 2 Issues that had a red RAG status.

**Red rated Issues from the Corporate Issues Log at 30<sup>th</sup> June:**

REF	Directorate	Issue Title	RAG	Owner
CI 8	Internal Ops	Improvements in ICT infrastructure and connectivity to meet required standards.	R	Sean Papworth
CI 9	Dev & Place	Management of phosphate levels in Tone catchment, particularly regarding impact on planning applications.	R	Gerry Mills

The risk register and issues log are updated as necessary and new risks/issues can be added at any point. They are routinely reviewed each month through the regular cycle of meetings. The lead officer is responsible for updating the risk register with progress made regarding mitigations, and this is reported back to Directorate performance meetings, and to the Corporate Performance Board where SMT review the key risks monthly.

**5. Links to Corporate Strategy**

This performance report provides an update on Corporate Performance which is fundamental to the implementation of the Corporate Strategy.

**6. Finance / Resource Implications**

The detailed financial out-turn position is available in a separate report.



**SWT Performance report 2021/22**

Link to Corporate Strategy	Full definition	Target 2021/22	Quarter 1	Direction of Travel since Q4	Denominator	Year to date	Numerator	Year to date
Transparent & Customer Focused	% of complaints responded to in 10 working days	90%	86%	↑	Total number of complaints received	391	Number of complaints responded to within 10 working days	336
	Monthly figure for complaints responded to in 10 working days	Apr 89%	May 86%	June 83%				
	% of FOI requests responded to in 20 working days	75%	97%	↑	Total number of FOI requests received	96	Number of FOI responded to within 20 working days	93
	Monthly figure for FOI requests responded to in 20 working days	Apr 96%	May 97%	June 92%				
	% of calls to Deane Helpline answered in < 60 seconds	90%	94%	↑	Total number of calls to Deane Helpline	90346	Number of calls answered in under 60 seconds	85291
	Average call wait time (secs) for the last month	60 secs	113	↓				
	Cumulative percentage of the amount of Council Tax collected*	97%	34.08%	↑	Total amount of Council Tax to be collected by the 31st March	£109,550,330	Amount of Council Tax collected in the year so far	£37,338,525
	Cumulative percentage of the amount of Business Rates collected*	95%	25.98%	↓	Total amount of Business Rates to be collected by the 31st March	£48,782,205	Amount of Business Rates collected in the year so far	£12,674,854
	Average processing times of new Housing Benefit claims	19 dys	17.11	↓	Number of new Housing Benefit claims received	149	Total number of days	2549
	Average processing times for changes in circumstances for HB claims	9 dys	4.76	↓	Number of new Housing Benefit Change of Circumstances received	2644	Total number of days	12591
	% of Licensing applications processed within required timescales	90%	89%	↑	Number of licensing applications processed	327	Number of licensing applications responded within timescales	291
	Sickness Absence	7.2 dys	1.28	↔	Total working days lost for all employees	746.5	Total number of staff	579
Staff Turnover	< 12	2.42	↓	Total number of staff	579	Total number of leavers	14	
An Enterprising Council	Forecast budget variance for General Fund	£0	+£237k	↓				
	Forecast budget variance for Housing Revenue Account	£0	+£610k	↓				
	Forecast level of uncommitted reserves for General Fund.	£2.4m	£5.556m	↓				
	Forecast level of reserves for Housing Revenue Account.	£2m	£2.273m	↓				
	On target for Commercial Income Generation	£2.9m	Yes	↔				

Link to Corporate Strategy	Full definition	Target 2021/22	Quarter 1	Direction of Travel since Q4	Denominator	Year to date	Numerator	Year to date
Environment & Economy	% of reported fly tipping incidents responded to within 5 working days	80%	75%	↓	Number of fly tipping incidents	247	Number of fly tipping incidents responded to within 5 days	186
	% of service requests for street cleansing actioned within 5 working days	85%	93%	↑	Number of service requests for street cleansing	254	Number of service requests actioned within 5 working days	237
	% of major planning applications determined within 13 weeks (or within agreed extension of time)	75%	100%	↑	Total number of major planning applications received	5	Total number of major planning applications determined within 13 weeks or agreed extension	5
	% of minor planning applications determined within 8 weeks or agreed extension of time	65%	80%	↔	Total number of minor planning applications received	76	Total number of minor planning applications determined within 8 weeks	61
	% of other planning applications determined within 8 weeks or an agreed extension of time.	80%	90%	↑	Total number of other planning applications received	263	Total number of other planning applications determined within 8 weeks or an agreed extension	236
	% of appeals that have had the decision overturned (figure is for the previous 12 months)	33%	41.6%	↓	Number of appeals received	48	Number of appeals where the decision is overturned	20
	% Play area inspections completed to schedule	100%	100%	↔				
Homes and Communities	Income collected as a % of rent owed excluding arrears brought forward	98.30%	102.97%	↑	Total amount of rent debit owed (excluding rent arrears)	£2,517,727.94	Total amount of income and housing benefit received	£2,614,680.12
	Number of families in B&B over 6 weeks (position at end of Quarter)	0	0	↑				
	Average re-let time in calendar days (key to key)	44 dys	52.1	↑	Total Number of dwellings let following void process	92		
	% of housing dwellings with a valid gas safety certificate (LGSR)	100%	100%	↑	Total number of dwellings requiring a valid gas safety certificate	4480	Total number of dwellings without a valid gas safety certificate	0
	% of communal areas with a Fire Risk Assessment (FRA) in place and FRA Review complete (where applicable)	100%	100%	↔				
	Completion of housing emergency repairs within 24 hours	99%	100%	↔	Total number of emergency housing repairs	739	Total number of emergency housing repairs completed in 24hrs	739

\* The current figures appear well below target, but these are cumulative indicators.

The column titled Direction of Travel, shows whether performance has improved, worsened or is similar to the last report for the end of July.

- ↑ Performance has improved
- ↓ Performance has got worse
- ↔ Performance is similar

**SWT Performance report 2021/22**

Link to Corporate Strategy	Full definition	Target 2021/22	Quarter 1	Direction of Travel since Q4	Denominator	Year to date	Numerator	Year to date
Transparent & Customer Focused	% of complaints responded to in 10 working days	90%	86%	↑	Total number of complaints received	391	Number of complaints responded to within 10 working days	336
	Monthly figure for complaints responded to in 10 working days	Apr 89%	May 86%	June 83%				
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	Monthly figure for FOI requests responded to in 20 working days	Apr 96%	May 97%	June 92%				
	% of calls to Deane Helpline answered in < 60 seconds	90%	94%	↑	Total number of calls to Deane Helpline	90346	Number of calls answered in under 60 seconds	85291
	Average call wait time (secs) for the last month	60 secs	113	↓				
	Cumulative percentage of the amount of Council Tax collected*	97%	34.08%	↑	Total amount of Council Tax to be collected by the 31st March	£109,550,330	Amount of Council Tax collected in the year so far	£37,338,525
	Cumulative percentage of the amount of Business Rates collected*	95%	25.98%	↓	Total amount of Business Rates to be collected by the 31st March	£48,782,205	Amount of Business Rates collected in the year so far	£12,674,854
	Average processing times of new Housing Benefit claims	19 dys	17.11	↓	Number of new Housing Benefit claims received	149	Total number of days	2549
	Average processing times for changes in circumstances for HB claims	9 dys	4.76	↓	Number of new Housing Benefit Change of Circumstances received	2644	Total number of days	12591
	% of Licensing applications processed within required timescales	90%	89%	↑	Number of licensing applications processed	327	Number of licensing applications responded within timescales	291
	Sickness Absence	7.2 dys	1.28	↔	Total working days lost for all employees	746.5	Total number of staff	579
Staff Turnover	< 12	2.42	↓	Total number of staff	579	Total number of leavers	14	
An Enterprising Council	Forecast budget variance for General Fund	£0	+£237k	↓				
	Forecast budget variance for Housing Revenue Account	£0	+£610k	↓				
	Forecast level of uncommitted reserves for General Fund.	£2.4m	£5.556m	↓				
	Forecast level of reserves for Housing Revenue Account.	£2m	£2.273m	↓				
	On target for Commercial Income Generation	£2.9m	Yes	↔				

Link to Corporate Strategy	Full definition	Target 2021/22	Quarter 1	Direction of Travel since Q4	Denominator	Year to date	Numerator	Year to date
Environment & Economy	% of reported fly tipping incidents responded to within 5 working days	80%	75%	↓	Number of fly tipping incidents	247	Number of fly tipping incidents responded to within 5 days	186
	% of service requests for street cleansing actioned within 5 working days	85%	93%	↑	Number of service requests for street cleansing	254	Number of service requests actioned within 5 working days	237
	% of major planning applications determined within 13 weeks (or within agreed extension of time)	75%	100%	↑	Total number of major planning applications received	5	Total number of major planning applications determined within 13 weeks or agreed extension	5
	% of minor planning applications determined within 8 weeks or agreed extension of time	65%	80%	↔	Total number of minor planning applications received	76	Total number of minor planning applications determined within 8 weeks	61
	% of other planning applications determined within 8 weeks or an agreed extension of time.	80%	90%	↑	Total number of other planning applications received	263	Total number of other planning applications determined within 8 weeks or an agreed extension	236
	% of appeals that have had the decision overturned (figure is for the previous 12 months)	33%	41.6%	↓	Number of appeals received	48	Number of appeals where the decision is overturned	20
% Play area inspections completed to schedule	100%	100%	↔					
Homes and Communities	Income collected as a % of rent owed excluding arrears brought forward	98.30%	102.97%	↑	Total amount of rent debit owed (excluding rent arrears)	£2,517,727.94	Total amount of income and housing benefit received	£2,614,680.12
	Number of families in B&B over 6 weeks (position at end of Quarter)	0	0	↑				
	Average re-let time in calendar days (key to key)	44 dys	52.1	↑	Total Number of dwellings let following void process	92		
	% of housing dwellings with a valid gas safety certificate (LGSR)	100%	100%	↑	Total number of dwellings requiring a valid gas safety certificate	4480	Total number of dwellings without a valid gas safety certificate	0
	% of communal areas with a Fire Risk Assessment (FRA) in place and FRA Review complete (where applicable)	100%	100%	↔				
	Completion of housing emergency repairs within 24 hours	99%	100%	↔	Total number of emergency housing repairs	739	Total number of emergency housing repairs completed in 24hrs	739

\* The current figures appear well below target, but these are cumulative indicators.

The column titled Direction of Travel, shows whether performance has improved, worsened or is similar to the last report for the end of July.

- ↑ Performance has improved
- ↓ Performance has got worse
- ↔ Performance is similar

## Average Call Waiting Times

### Background

The indicator measures the length of time it takes one of our Customer Services Team to answer a call once the customer has listened to the initial recorded options and selected an appropriate queue.

Our target is to answer all calls within 60 seconds. This is an ambitious target when compared with many other organisations where it is not uncommon to be waiting in excess of 5 minutes. Obviously there is a clear relationship between the number and length of calls and the levels of staff resourcing required to maintain an answer rate of 60 seconds or below.

We have largely managed to meet this target over the past 2 years since the current Customer Services team and approach was implemented. There are periods of the year when we are more busy. March and April in particular tend to see us receiving more calls because of the issue of things such as Council Tax and Business Rate bills, garden waste renewal letters etc.

### The current position

This year we have missed the target of 60 seconds or below in April, May and June. The figures for each month are detailed below.

April 21	May 21	June 21
112 seconds	163 seconds	113 seconds

### Call data analysis

We have undertaken detailed analysis of the call data we hold to try and understand why this is happening. This analysis indicates that:

- *Call volumes have increased* – call volumes in each month from April to June 2021 have been higher than at any point during the preceding 12 months. The overall trend of call volumes mapped over the past 2 years indicates that volumes are increasing.
- *Call duration has increased* – the length of calls during the period April to June 2021 is higher than the previous average. The average has increased from 265 seconds to 345 seconds per call. Whilst this change appears small this equates to an additional 22 hours of work per day.

We have identified a range of factors which we believe are impacting on call volumes, call duration and our capacity to answer calls within the target time. The key message is that there is no single reason or simple answer. The factors are summarised below:

- Organisation wide we are now operating again at pretty much full capacity following the Covid crisis. This means, for example, that we have recommenced things such

as our full recovery activities for Revenues and Benefits, miscellaneous income etc. In addition the public are now expecting us to be operating largely as normal. All of this generates calls and some services will be dealing with backlogs that developed as a result of the Covid restrictions.

- Waste collection issues – in April we received calls regarding the changes to the garden waste schedules, which were anticipated. However, we are now receiving calls regarding the problems with missed waste collection, which were not anticipated. Calls regarding the latter are increasingly taking longer to deal with as often the same caller is experiencing multiple collection issues and are frustrated.
- There has been a general increase in the length of calls. This is both a good and a bad thing. In some cases, as with waste, it indicates problems that are simply taking longer to deal with. However, this also indicates that our customer champions are increasingly able to deal with more at the first point of contact i.e. the calls are longer because they are sorting the issue for the customer rather than passing the call to the back office.
- Channel shift – we have, through necessity during the Covid crisis, channel-shifted many of our customers to the telephone who would previously have visited our offices. This is good news in respect of moving them to a more cost-effective way of dealing with them. However, our area offices are now starting to re-open which requires us to pull staff away from the phones to man the various front desks, which obviously reduces our telephone answering capacity. Footfall at all of our offices is low.
- Staff turnover – a number of staff within the team have moved on to other roles. We are in the process of replacing them, but it obviously takes time to recruit and train new staff. Again this reduces our capacity for short periods.

### **Actions being taken**

We are taking immediate actions to alleviate the problem and also identifying longer term actions. Action is already underway through the Customer Experience Programme to identify areas for improvements and we are using some of the findings from the programme to identify changes.

We have a key risk relating to staff welfare. Ongoing high call volumes backed up by increasingly frustrated customers has an impact on the resilience of the staff. We are not currently experiencing any issues, but we could do if we do not take appropriate action.

In the short term we have recruited additional, temporary resource into the team. This is simply to increase our capacity to answer calls. Specifically these staff will be focussed on dealing with waste calls.

A further increase in waste related calls is anticipated when we go live with Recycle More in late September 2021. We are working closely with the other districts who have already gone live to identify the likely impact on call volumes in order to identify a realistic resourcing plan.

We are also using the data we have collected in relation to the waste issues and more generally for the Customer Experience Programme to identify our longer-term approach and resourcing requirements. In part this involves reviewing our resourcing to ensure that we have sufficient staff with the right skills to answer the anticipated volume of calls. However, we are also looking at other changes we can make e.g. improvements to our website layout and web forms in order to increase the amount of self-service.

