

# Somerset West and Taunton Council

## Community Scrutiny – 31 August 2022 Executive – 21 September 2022

### 2022/23 Housing Revenue Account Financial Monitoring as at Quarter 1 (30 June 2022)

This matter is the responsibility of Executive Councillor Fran 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 2022/23 (as at 30 June 2022).

1.2 It is well reported that the economic situation is challenging with the cost of living crisis, high inflation, and rising interest rates. These factors will hit our communities and businesses, and the Council is also not immune as seen in the latest forecasts. The risks to day to day service costs are seen with inflationary pressures for rising costs of utilities, energy, fuel etc and a provision for potential staff pay award exceeding budget.

1.3 The headline estimates for **revenue costs** are:

Revenue Budget	£0.745m forecast overspend	Red
General Reserves	£2.468m forecast balance = favourable (though low) compared to £2m minimum requirement	Amber
Earmarked Reserves	£54k opening balance	Green

1.4 The projected overspend of £0.745m is significant, driven mainly by forecast costs of void repairs, tenancy management costs and the estimated pay award. This will be carefully monitored with updates reported to Members on a quarterly basis. The level of General Reserves does provide the ability to cover the current predicted overspend, if required, but does not provide resilience to mitigate the risk of any further significant overspend or additional pressures. Housing Management will take steps to reduce and halt spend especially for discretionary activities, to help mitigate the current position, and to try to maintain a more secure reserves position.

1.3 Members will be aware that budget setting for 2022/23 was significantly challenging, where some budgets required re-basing especially around repairs and maintenance, and consequently the service will be pursuing efficiency targets into next financial year

and beyond.

- 1.4 Whilst best endeavours are used to forecast with as much accuracy as possible we have seen a historical change in forecasts each quarter and to year end. However, it is essential that control over spending continues to reduce the forecast overspend and maintain adequate reserves.
- 1.5 The HRA **Capital Programme** has a total approved budget of £109.4m. The profiled budgeted spend for 2022/23 is £36.347m and this is currently forecast to underspend in the year by £2.052m; £1.679m due to slippage of work into 2023/24 and £249k budget to be returned.

## **2 Recommendations**

- 2.1 This report is to be noted as the HRA's forecast financial performance and projected reserves position for 2022/23 financial year as at 30 June 2022.

## **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 inflation being experienced in the current economic operating environment and based on experience it is feasible the year end position could change. It is common for underspends to emerge during the year, reflecting an optimism bias within previous forecasting. There may also be matters beyond the Council's control that affect the final outturn position.
- 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, operating robust financial procedures, and so on. The Council also holds both general and earmarked reserves which include contingencies to manage budget risk, though these are low for the HRA.
- 3.3 Despite the risks related to forecasting assumptions, it is essential that measures are implemented promptly to ensure the financial resilience of the Housing Revenue Account and adequate reserves are maintained. The current forecast highlights a risk that reserves may fall below acceptable levels by the end of this financial year if the projected overspend outturn position was to increase and further in year financial pressures arise.

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

- 4.1 This report provides the Housing Revenue Account (HRA) forecast end of year financial position for revenue and capital expenditure as at 30 June 2022.
- 4.2 The regular monitoring of financial information is a key element in the Council's HRA 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 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 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 2022/23 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 2022/23 is a net overspend of £745k.

**Table 1: HRA Revenue Outturn Summary**

	Current Budget £000	Forecast Outturn £000	Forecast Variance	
			£000	%
Gross Income	-28,404	-28,482	-78	-0.3%
Service Expenditure	16,937	17,771	834	2.9%
Other Expenditure	11,468	11,456	-12	0.0%
<b>Total</b>	<b>0</b>	<b>745</b>	<b>745</b>	<b>2.6%</b>

- 5.4 The variances to budget are shown in more detail in Table 2 and further explanations for variances over £50k below.

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

	Current Budget £000	Outturn £000	Q1 Variance £000
Dwelling Rents	-25,581	-25,719	-139
Non-Dwelling Rents	-767	-718	49
Charges for Services / Facilities	-1,649	-1,651	-2
Other Income	-408	-394	14
<b>Sub-Total Gross Income</b>	<b>-28,404</b>	<b>-28,482</b>	<b>-78</b>

<b>Service Expenditure:</b>			
Development & Regeneration	60	55	-5
Community Resilience	153	147	-6
Tenancy Management	3,228	3,414	186
Maintenance	5,598	6,094	496
Assets	420	419	-1
Capital Investment	563	578	14
Compliance	1,829	1,680	-149
Performance	5,084	5,115	31
Provision: Pay Award Shortfall	0	269	269
<b>Sub-Total Service Expenditure</b>	<b>16,937</b>	<b>17,771</b>	<b>834</b>
<b>Central Costs / Movement in Reserves:</b>			
Revenue Contribution to Capital	-	-	-
Interest Payable	2,883	2,789	-94
Interest Receivable	-83	0	83
Change in Provision for Bad Debt	180	180	-
Depreciation	7,666	7,666	-
Capital Debt Repayment	1,021	1,021	-
Movement In Reserves	-200	-200	-
<b>Sub-Total Central Costs / Movement in Reserves:</b>	<b>11,468</b>	<b>11,456</b>	<b>-12</b>
<b>Net Surplus(-) / Deficit for the Year</b>	<b>-</b>	<b>745</b>	<b>745</b>

## Income

- 5.5 **Dwelling Rent Income:** The budgeted income for 2022/23 is £25.581m, which reflects an assumption of 2% void losses and applying a 52-week year. The overall current projections suggest that more income will be recovered than predicted when setting the budget and providing an allowance for voids. The current projection for dwelling rent income is an over recovery against budget of £139k which partly relates to timings of predicted stock changes and levels of voids.

## Expenditure

- 5.6 **Tenancy Management:** This area covers lettings, supported housing, rent recovery, leaseholders and other tenancy management support activities. The total current budget is £3.228m and it is forecasting an overspend of £186k. This mainly relates to an overspend on staffing costs due to additional resources required to manage the increasing number of cases raised by tenants following the aftermath of COVID, as well as backfill for maternity and sick leave. Part of the overspend relates to a budget saving

for 2022/23 by undertaking RTB surveys using our in-house resources, however this resource is now unavailable, and the activity is now being procured externally.

- 5.7 **Maintenance:** The overspend relates to the ongoing repairs and maintenance of the housing stock through void activity undertaken to ensure our Lettable Standard is met before reletting. Whilst this is a very demand led and reactive service based on the condition of the properties being returned this service is experiencing an increase in cost pressures as inflation drives up the cost of materials (as seen nationally). There is an in-house initiative called the "Leaving Well" scheme which aims to work with and support the tenants to leave their homes in a suitable manner to reduce the time and cost of work then required on void properties before reletting.
- 5.8 **Compliance:** The service is forecasting an underspend of £149k. Following a validation of apparatus / installations on site, the service has identified that the previous data estimations were greater than those required in year. Therefore, the budget requirement for compliance activity for 2022/23 have been revised and reduced by £149k.
- 5.9 **Performance:** Of the total budget of £5.084m, £3.920m relates to shared costs such as support services, pension deficit, and governance, leaving £1.164m on operating costs such as staffing, insurance, training, travel, stationery, printing and bank charges, as well as the Tenants Empowerment and Tenants Action Group. The overspend of £31k is the net position of a forecast underspend on operating costs and an overspend on in year adjustment of staffing costs.
- 5.10 **Pay Award 2022:** The 2022/23 approved budget assumed a 2% pay award. The forecast outturn position provided by services (reported above) include this 2% assumption.
- 5.11 A further financial pressure based on an additional 3% pay award has been estimated at £269k for the HRA, recognising recent pay settlements in the public sector all exceeding 2% (teachers, police, NHS). Local Government pay is subject to negotiation between the employers' associations and unions – this process is ongoing. This provisional forecast based on an average 5% is a prudent finance officer's 'best guess' for financial forecasting purposes, without prejudice to these ongoing negotiations.
- 5.12 Actual costs will be reflected across all service budgets once settlement is reached and implemented, which could be higher.
- 5.13 **Interest Payable:** The budget estimate for 2022/23 was £2.883m. This was based on assumptions for the refinancing of £10m of debt repaid in March 2022 which differ to the actual cost of borrowing and the term of the loan resulting in an underspend of £94k.
- 5.14 **Interest Receivable:** This is dependent on the final capital financing requirement for the year, as well as levels of borrowing and reserves. The current projections of capital spend, and level of reserves suggest that there will be no interest income for the year, though it is highly likely that this will change by the end of the year.

- 5.15 **Depreciation:** The depreciation charge for the HRA is calculated at the end of the financial year and then transferred to the Major Repairs Reserve (MRR) to be reinvested in the housing stock through financing of the capital programme and/or repay capital debt. The current forecast is to budget for Q1 however an issue has been raised (see Section 9) and further updates will be provided in Q2.
- 5.16 **Capital Debt Repayment:** As per the Budget Setting Report for 2022/23 (Full Council Feb 2022) the HRA financial strategy presented a one-off reduction in budget (from £1.821m) of £800k to provide revenue capacity in 2022/23 replacing this with £800k of non-RTB capital receipts.

## **6 Capital Programme**

- 6.1 The HRA current approved Capital Programme is £109.4m. This consists of £14.4m of new schemes approved for 2022/23 plus £95m 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, Capital Grants, 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 nine years. The current planned profiled spend is summarised in **Appendix C**. The budget has been profiled to reflect the estimated timing of costs for the approved schemes, with £36m profiled to be spent in 2022/23 with the balance of £73m projected forward into future years.
- 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**. It is currently forecast that the programme will underspend against profiled budget for 2022/23 by £1.928m; £1.679m slipping into subsequent years and £249k being returned.
- 6.5 **Major Works:** The approved budget of £14.9m is funded by the Major Repairs Reserve and Borrowing and relates to spend on major works to existing dwellings. New schemes approved for 2022/23 total £11m with slippage from the prior year of £3.9m.
- 6.6 The 2022/23 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
- 6.7 The current forecast projected spend is £13.5m resulting in an underspend against budget of £1.5m which will fall into subsequent years.
- 6.8 **Improvements:** The approved budget of £5.2m is funded by the Major Repairs Reserve and relates to spend on improvements to existing dwellings and related assets. New

schemes approved for 2022/23 total £3.3m with slippage from the prior year of £1.9m.

- 6.9 The current forecast projected spend is £4.7m resulting in an underspend against budget of £482k of which £204k will fall into subsequent years and £278k proposed to be returned. The budget return relates to the implementation of a new accounting standard (IFRS16 - Leases) being deferred, meaning the finance lease costs for the fleet contract will be accounted for in revenue.
- 6.10 **Social Housing Development Programme:** The current approved budget of £89.3m is for the provision of new housing through schemes such as Phases A-E for North Taunton Regeneration (NTWP), Seaward Way, Oxford Inn and Zero Carbon Affordable Homes to increase the Council's housing stock. This will be funded through by RTB Capital Receipts, Capital Grants and Borrowing.
- 6.11 The current Social Housing capital programme for 2022/23 is progressing well with contractors on site at phase A of NTWP and Seaward Way, together developing 101 new homes. During the year the service also expects to start and complete demolition of NTWP phases B and Ci and Oxford Inn and commence development on NTWP phase B and Ci developing a further 51 new homes. The refurbishment of properties at Oake and NTWP phase E is due to commence in the Autumn and will see 37 Woolaway homes refurbished over a two to three year period.
- 6.12 The North Taunton Regeneration (NTWP) scheme is progressing as noted in 6.13 however due to the complexity of the programme of works and the interdependencies between the five phases there is a need to realign capital budgets across the NTWP phases. Officers are not requesting additional funding and the programme budget envelope remains unaltered (see confidential Appendix E). The reason for a realignment of phase budgets is primarily to do with bringing forward part of phase C (Ci) within phase B to allow the decanting of customers with additional housing need to benefit from a one move only. The new phase B and Ci has also allowed an opportunity to value engineer out some contractor costs within the programme in particular prelim costs.
- 6.13 Member should note that the economic environment is very challenging in relation to the building of homes. SWTs keys risks include inflation, especially in relation to the NTWP which spans several phases and is delivered over many years, contractors risk appetite, availability of staff and sub-contractors, insurance premiums and materials shortages are also challenges. In addition, statutory and voluntary requirements in terms of energy efficiency and climate change, highway infrastructure, phosphates and fire prevention is also increasing the time and cost pressures relating to the development of new homes. The Council is delivering affordable housing for rent and therefore does not have the ability to benefit from house price inflation to offset some of the additional costs.
- 6.14 The service has realigned in the business plan the delivery timescales and budget for the 61 new build units in the zero carbon affordable homes pilot and Oxford Inn to allow time for appropriate phosphate mitigation strategies to support planning applications and maintain the strength of the HRA business plan.

## **7 HRA Earmarked Reserves**

- 7.1 The HRA Earmarked Reserves at the beginning of 2022/23 totalled £54k (see **Table 3** below). The remaining funds have been earmarked to be spent within the next two years.

**Table 3: Earmarked Reserves Balances**

Description	Opening Balance 01/04/2022 £000	Transfers £000	Projected Balance 31/3/2023 £000
HRA One Teams	6	0	6
HRA Hinkley	48	0	48
<b>HRA Total</b>	<b>54</b>	<b>0</b>	<b>54</b>

## 8 HRA General Reserves

- 8.1 The opening HRA general reserves balance as at 1 April 2022 is £3.413m, representing unearmarked reserves held to provide ongoing financial resilience and mitigation for unbudgeted financial risks. This is £1.413m above the minimum recommended reserve level of £2m.
- 8.2 As part of the budget setting proposals to Full Council on 8 February 2022 £200k of current reserves will be used to support the base budget in 2022/23. Further approved (or proposed) allocations to / from general reserves are shown in the table below.

**Table 4: HRA Unearmarked Reserves Balance**

	Approval	£'000
<b>Balance Brought Forward 1 April 2022</b>		<b>3,413</b>
Budgeted Contribution to support base budget 2022/23	FC - 08/02/22	-200
<b>Current Balance</b>		<b>3,213</b>
<b>Balance After In-Year Approvals</b>		<b>3,213</b>
Forecast – 2022/23 Projected Overspend		-745
<b>Projected Balance 31 March 2023</b>		<b>2,468</b>
Recommended Minimum Balance		2,000
Projected Balance above Minimum Reserve Balance		468

- 8.3 The current outturn position is forecast to be a net overspend of £745k. If the forecast outturn position does not improve the deficit will reduce reserve balances to £2.468m, which is only £468k above the recommended minimum balance of £2m. It is essential that control on spending for the remainder of the year continues to reduce the forecast overspend and maintain adequate reserves. Financial risks are increasing with rising household costs for tenants and rising operating and capital financing costs for the Council. Management must take the necessary steps to control costs and manage risk to ensure financial resilience is maintained. The minimum balance is currently at risk.
- 8.4 If reserves do fall below adequate minimum levels it will be vital that sustainable plans are implemented rapidly during 2023/24 to restore balances to an acceptable level. The emerging financial pressures this year demonstrate the potential scale of financial risks, which will almost certainly be exacerbated during the transition to the unitary authority



and in an increasingly volatile operating environment. It is vital that costs are managed within annual income totals to ensure ongoing affordability of services.

## **9 Risk and Uncertainty**

- 9.1 Budgets and forecasts are based on known information and the best estimates of the housing service's future spending and income. Income and expenditure over the 2022/23 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.
- 9.2 The following general risks and uncertainties have been identified:
- 9.3 **Dwelling Depreciation:** Officers have modelled projections for the expected depreciation charge considering increasing inflationary pressures across the Council. Early calculations in advance of September's BCIS present an emerging issue where initial indications suggest that an additional pressure on the HRA revenue account in the region of **£1.4m**. Officers are reviewing the methodology used and mitigations available in light of the pressure this will place on the HRA, and an update will be provided in the Q2 report.
- 9.4 **Pay Award:** As mentioned above in Section 5, the budgets have been set based on 2% pay award for 2022/23. In light of recent public sector pay award announcements, the forecast assumes an average of 5% i.e. 3% over budget. Each 1% increase costs approximately £90k to the HRA. Pay negotiations for local government are in progress and it is feasible that costs may further exceed budget. The most recent offer put forward by the National Employers, of an increase of £1925 on all NJC pay points 1 and above, would add a further £85k pressure to the HRA.
- 9.5 **Inflation:** The current economic operating environment is placing financial risk on the Council in terms of rising inflation increasing the cost of supplies such as utilities and materials. The Council is seeing price increases on our corporate contracts of c60% on electricity, c80% on gas and c45% on fuel. However further variances may come to light during the year based on levels of usage in these areas. There is also uncertain inflationary pressures on other revenue and capital contracts. Budget Holders have undertaken an impact assessment of the inflationary pressure placed on their services and included best estimates as part of their quarterly review.
- 9.6 **Insurance Premiums:** The Council's insurance policies are due for renewal on 1 August 2022. Premiums are affected by inflation as well as risk, thus high inflation which may lead to an adverse variance to budget. The renewal falls just eight months ahead of the Unitary Vesting Day, with the risk that an additional premium may be payable for a shorter policy period. The position will be confirmed in the Q2 report.
- 9.7 **Recruitment:** There are a number of vacancies across the Council and assumptions have been made as to when these vacancies will be filled. The Council is experiencing

recruitment issues (as seen country-wide) therefore assumptions and forecasts may change, in addition to higher agency costs to cover roles where permanent recruitment is not successful.

- 9.8 **Pensions:** Employers' obligation to review auto-enrolment to pension schemes is reviewed every three years with the next auto-enrolment due in October 2022. We will need to auto-enrol staff not currently in the pension scheme unless they opt out. This may lead to higher pension costs in the second half of the year.
- 9.9 **Fleet Contract / IFRS16 Leases:** CIPFA has delayed the implementation of IFRS16 however we could have chosen to adopt this early but due to the implementation of the Unitary Council all Somerset Councils have made the decision to delay adoption. Therefore, where SWT had budgeted for the lease as a capital cost these now fall to revenue. The services hope to absorb this cost through in-year underspends and delays in receiving new vehicles.
- 9.10 **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.
- 9.11 **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 procured and delivered. Whilst additional budget provision has been added previously, new regulatory requirements and assurance process are still emerging, the full extent of the full financial pressure of these remains uncertain.
- 9.12 **Cost of living crisis, Welfare Reform and Universal Credit (UC):** The impacts of these are significant with the number and value of rent accounts in arrears expected to increase considerably. Several mitigations are already in place to help support tenants affected particularly by the rising cost of living such as debt advice, access to discretionary housing payments and an arrears management team with redesigned workflow processes. These issues may require the Council to revise future income projections.
- 9.13 **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 may not be fully supported 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.

- 9.14 **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.
- 9.15 **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. To date, the Council has successfully fully spent all of their retained 1-4-1 receipts within the require timescales resulting in no returns being made to the Treasury/DLUHC.
- 9.16 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. Therefore, there is still a risk that the current delivery plan on new build schemes could be delayed and may result in funds being return to DLUHC/Treasury.
- 9.17 **Unitary Council:** The transition to the new Unitary places a significant demand on management and staff. It is currently unknown what the future potential HRA costs will be 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. 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 **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.
- 9.19 **Fluctuation in demand for services:** We operate many demand-led services and the levels of demand do not always follow a recognisable trend, which may lead to fluctuations in costs and income compared with current forecasts.
- 9.20 **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.

## 10 Links to Corporate Strategy

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

and therefore all Corporate Aims.

## 11 Unitary Council Financial Implications and S24 Direction Implications

11.1 The main considerations within scope of this report is the impact of in-year financial performance on year end reserve balances that will transfer to the new unitary council on 1 April, and potential impact of variances on future budget estimates. Reserves are currently projected to remain above the minimum requirement. Finance officers and budget managers will feed in ongoing and future risks and implications through the budget setting process for 2023/24.

## 12 Partnership Implications

12.1 A range of HRA services are provided through partnership arrangements such as MIND, citizen's advice, 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.

## 13 Scrutiny Comments / Recommendations

13.1 The report will be considered by Community Scrutiny on 31 August 2022. A summary of the comments and recommendations discussed will be provided here for the Executive to consider.

### Democratic Path:

- **Community Scrutiny – 31 August 2022**
- **Executive – 21 September 2022**
- **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 2022/23 Vs Forecast Capital Outturn for 2022/23
Appendix E	CONFIDENTIAL

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### Appendix A: HRA Approved Capital Budget

SWT Capital Programme	Prior Year Slippage	Current Year Approval Feb 2022 Budget Setting for 2022/23	Total Approved Budget	Current year Virements	Current Year Supplements	Current Year Returns	Revised Current Year Approved Capital Budget
Major Works	3,895,968	11,051,000	14,946,968	0	0	0	14,946,968
Fire Safety	1,440,637	2,133,000	3,573,637	0	0	0	3,573,637
Related Assets	0	120,000	120,000	0	0	0	120,000
Exceptional & Extensive	0	350,000	350,000	0	0	0	350,000
Vehicles	65,000	155,000	220,000	0	0	0	220,000
ICT & Transformation	351,405	200,000	551,405	0	0	0	551,405
Aids & Adaptations & DFGs	0	370,000	370,000	0	0	0	370,000
<b>Sub-Total Majors &amp; Improvements</b>	<b>5,753,010</b>	<b>14,379,000</b>	<b>20,132,010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,132,010</b>
Social Housing Development	89,268,617	0	89,268,617	(0)	0	0	89,268,617
<b>Total HRA</b>	<b>95,021,627</b>	<b>14,379,000</b>	<b>109,400,627</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>109,400,627</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	14,946,968	0	0	0	0	10,681,958	0	4,265,009
Fire Safety	3,573,637	0	0	0	0	3,573,637	0	0
Related Assets	120,000	0	0	0	0	120,000	0	0
Exceptional & Extensive	350,000	0	0	0	0	350,000	0	0
Vehicles	220,000	0	0	0	0	220,000	0	0
ICT & Transformation	551,405	0	0	200,000	0	351,405	0	0
Aids & Adaptations & DFGs	370,000	0	0	0	0	370,000	0	0
<b>Sub-Total Majors &amp; Improvements</b>	<b>20,132,010</b>	<b>0</b>	<b>0</b>	<b>200,000</b>	<b>0</b>	<b>15,667,000</b>	<b>0</b>	<b>4,265,009</b>
Social Housing Development	89,268,617	402,229	16,303,315	0	0	0	0	72,563,072
<b>Total HRA</b>	<b>109,400,627</b>	<b>402,229</b>	<b>16,303,315</b>	<b>200,000</b>	<b>0</b>	<b>15,667,000</b>	<b>0</b>	<b>76,828,082</b>

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

SWT Capital Programme	Total Approved Budget	Planned Capex 2022/23	Planned Capex 2023/24	Planned Capex 2024/25	Planned Capex 2025/26	Planned Capex 2026/27	Planned Capex 2027/28	Planned Capex 2028/29	Planned Capex 2029/30	Planned Capex 2030/31
Major Works	14,946,968	14,946,968	0	0	0	0	0	0	0	0
Fire Safety	3,573,637	3,573,637	0	0	0	0	0	0	0	0
Related Assets	120,000	120,000	0	0	0	0	0	0	0	0
Exceptional & Extensive	350,000	350,000	0	0	0	0	0	0	0	0
Vehicles	220,000	220,000	0	0	0	0	0	0	0	0
ICT & Transformation	551,405	551,405	0	0	0	0	0	0	0	0
Aids & Adaptations & DFGs	370,000	370,000	0	0	0	0	0	0	0	0
<b>Sub-Total Majors &amp; Improvements</b>	<b>20,132,010</b>	<b>20,132,010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Social Housing Development	89,268,617	16,214,803	16,421,411	16,626,272	12,694,184	4,271,334	6,800,000	7,793,039	6,950,000	1,497,575
<b>Total HRA</b>	<b>109,400,627</b>	<b>36,346,812</b>	<b>16,421,411</b>	<b>16,626,272</b>	<b>12,694,184</b>	<b>4,271,334</b>	<b>6,800,000</b>	<b>7,793,039</b>	<b>6,950,000</b>	<b>1,497,575</b>

### Appendix D: HRA Profiled Capital Budget for 2022/23 Vs Forecast Capital Outturn for 2022/23

SWT Capital Programme	Planned Capex Budget 2022/23	Expenditure YTD	Forecast Outturn 2022/23	Variance; - underspend + overspend	- Slippage c/f	In Year - Underspend + Overspend
Major Works	14,946,968	632,206	<b>13,472,365</b>	(1,474,603)	(1,474,603)	0
Fire Safety	3,573,637	13,889	<b>3,573,637</b>	(0)	(0)	0
Related Assets	120,000	2,019	<b>62,019</b>	(57,981)	0	(57,981)
Exceptional & Extensive	350,000	6,992	<b>123,978</b>	(226,022)	(226,022)	0
Vehicles	220,000	780	<b>0</b>	(220,000)	0	(220,000)
ICT & Transformation	551,405	54,329	<b>499,366</b>	(52,039)	(52,039)	0
Aids & Adaptations & DFGs	370,000	15,321	<b>443,835</b>	73,835	73,835	0
<b>Sub-Total Majors &amp; Improvements</b>	<b>20,132,010</b>	<b>725,537</b>	<b>18,175,199</b>	<b>(1,956,810)</b>	<b>(1,678,829)</b>	<b>(277,981)</b>
Social Housing Development	16,214,803	1,365,940	<b>16,243,326</b>	28,524	0	28,524
<b>Total HRA</b>	<b>36,346,812</b>	<b>2,091,477</b>	<b>34,418,526</b>	<b>(1,928,287)</b>	<b>(1,678,829)</b>	<b>(249,457)</b>