

# Public Document Pack

**Mid Devon District Council**

**Cabinet**

**Thursday, 13 February 2020 at 6.00 pm  
Exe Room, Phoenix House, Tiverton**

**Next ordinary meeting  
Thursday, 26 March 2020 at 6.00 pm**

Those attending are advised that this meeting will be recorded

## **Membership**

Cllr R M Deed  
Cllr L D Taylor  
Cllr G Barnell  
Cllr S J Clist  
Cllr D J Knowles  
Cllr Ms E J Wainwright  
Cllr A White  
Cllr Mrs N Woollatt

## **A G E N D A**

*Members are reminded of the need to make declarations of interest prior to any discussion which may take place*

1. **Apologies**  
To receive any apologies for absence.
2. **Public Question Time**  
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
3. **Declarations of Interest under the Code of Conduct**  
Councillors are reminded of the requirement to declare any interest, including the type of interest, and reason for that interest, either at this stage of the meeting or as soon as they become aware of that interest.
4. **Minutes of the Previous Meeting (Pages 7 - 20)**  
Members to consider whether to approve the minutes as a correct record of the meeting held on 15 January 2020.
5. **HRA Medium Term Financial Plan (Pages 21 - 26)**  
Arising from a report of Deputy Chief Executive (S151), the Homes Policy Development Group has recommended the Housing Revenue Account Medium Term Financial Plan be approved.

6. **Income Management Policy** *(Pages 27 - 48)*  
Arising from a report of the Group Manager for Housing, the Homes Policy Development Group has recommended that the revised Income Management Policy be approved.
7. **Compensation Policy** *(Pages 49 - 72)*  
Arising from a report of the Group Manager for Building Services, the Homes Policy Development Group has recommended that revised Tenant Compensation Policy be approved.
8. **Improvements to Council Property Policy** *(Pages 73 - 88)*  
Arising from a report of the Group Manager for Building Services, the Homes Policy Development Group has recommended that the revised Improvements to Council Properties Policy be approved.
9. **Motion 561 (Councillor R B Evans – 17 December 2019)**  
The following motion has been passed to the Cabinet from Council for consideration and report:

**Development Management Policy**

That this council commits to proactively seeking out and exploring that every opportunity is taken to install a carbon neutral power supply option within all new build development from 01/01/2021 but specifically when residential development is being planned.

10. **Motion 562 (Councillor R B Evans – 17 December 2019)**  
The following Motion has been passed to the Cabinet from Council for consideration and report:

That MDDC commits to proactively seeking out and exploring development of a long term partnership with a company / companies that can supply innovative power generation that offers carbon neutral power and where possible seeks to give an income stream back to the authority when operational.

That officers are instructed to seek out and explore such opportunities with available companies with immediate effect in order that MDDC can ensure we are actively addressing our own policy to seeking to be carbon neutral by 2030.

11. **National Non-Domestic Rates** *(Pages 89 - 120)*  
To consider a report from the Group Manager for Revenues and Benefits providing Members with an update of the income generation and financial implications of the number of Business Rate properties in Mid Devon and to approve the NNDR1 (estimated income to be generated in 2020/21 from business rates). The report will also include the introduction of the refreshed Business Rates Discretionary Relief

## Policy

12. **Financial Monitoring** (*Pages 121 - 142*)  
To receive a report of the Deputy Chief Executive (S151) presenting a financial update in respect of the income and expenditure so far in the year.
13. **Homes Policy Development Group - Recommendation - Budget**  
Arising from a report of the Deputy Chief Executive, the Homes Policy Development Group have made the following recommendation with regard to the budget: that the proposed savings identified in relation to the weed team be removed and that the budget in this area be retained.
14. **Budget** (*Pages 143 - 164*)  
To receive a report of the Deputy Chief Executive (S151) providing the proposals for the General Funds and the Housing Revenue Account for the year 2020/21.
15. **Capital Programme** (*Pages 165 - 174*)  
To receive a report of the Deputy Chief Executive (S151) seeking approval of the 2020/21 Capital Programme and to note the draft 2021/22, 2022/23 and 2023/24 programmes.
16. **Capital Strategy** (*Pages 175 - 186*)  
To receive a report of the Deputy Chief Executive (S151) requesting agreement of the proposed Capital Strategy for 2020/21.
17. **Treasury Management Strategy and Annual Investment Strategy** (*Pages 187 - 224*)  
To receive a report of the Deputy Chief Executive (S151) requesting agreement of the proposed Treasury Management Strategy and Annual Investment Strategy for 2020/21.
18. **Policy Framework** (*Pages 225 - 228*)  
To consider a report of the Chief Executive regarding the Policy Framework.
19. **The Establishment** (*Pages 229 - 254*)  
To consider a report of the Group Manager for Human Resources informing Members of the overall structure of the Council showing the management and deployment of officers.
20. **Pay Policy** (*Pages 255 - 268*)  
To consider a report of the Group Manager for Human Resources relating to senior pay in particular the role of the Chief Executive, Directors and other senior officers.
21. **Painting and Repairs before Painting of Council Homes 2020 - 2025** (*Pages 269 - 274*)  
To consider a report of the Director of Corporate Affairs and Business

Transformation advising Members on the results for the tendering of the External Painting and Repairs of the Council's homes for the next five years (2020-2025).

22. **Performance and Risk** (Pages 275 - 312)  
To consider a report of the Director of Corporate Affairs and Business Transformation providing Members with an update on the performance against the Corporate Plan and local service targets.
23. **Notification of Key Decisions** (Pages 313 - 324)  
To note the contents of the Forward Plan.
24. **Access to Information - Exclusion of the Press and Public**  
During discussion of the following item(s) it may be necessary to pass the following resolution to exclude the press and public having reflected on Article 12 12.02(d) (a presumption in favour of openness) of the Constitution. This decision may be required because consideration of this matter in public may disclose information falling within one of the descriptions of exempt information in Schedule 12A to the Local Government Act 1972. The Cabinet will need to decide whether, in all the circumstances of the case, the public interest in maintaining the exemption, outweighs the public interest in disclosing the information.

To consider passing the following resolution so that financial information may be discussed.

**Recommended** that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information)

25. **Disposal of Sampford Peverell Public Convenience** (Pages 325 - 328)  
To consider a report of the Group Manager for Corporate Property and Commercial Assets with regard to the disposal of an asset.

**Stephen Walford**  
Chief Executive  
Wednesday, 5 February 2020

Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chairman. Any filming must be done as unobtrusively as possible from a single fixed position without the use of any



additional lighting; focusing only on those actively participating in the meeting and having regard also to the wishes of any member of the public present who may not wish to be filmed. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairman or the Member Services Officer in attendance so that all those present may be made aware that is happening.

Members of the public may also use other forms of social media to report on proceedings at this meeting.

Members of the public are welcome to attend the meeting and listen to discussion. Lift access the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is time set aside at the beginning of the meeting to allow the public to ask questions.

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If you would like a copy of the Agenda in another format (for example in large print) please contact Sally Gabriel on:

Tel: 01884 234229

E-Mail: [sgabriel@middevon.gov.uk](mailto:sgabriel@middevon.gov.uk)

Public Wi-Fi is available in all meeting rooms.

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## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **CABINET** held on 16 January 2020 at 6.00 pm

### **Present**

#### **Councillors**

R M Deed (Leader)  
L D Taylor, S J Clist, D J Knowles, A White  
and Mrs N Woollatt

### **Apologies**

#### **Councillor(s)**

G Barnell

### **Also Present**

#### **Councillor(s)**

Mrs C P Daw, R J Dolley, C J Eginton, R Evans,  
Mrs S Griggs, Mrs I Hill, F W Letch and R L Stanley

### **Also Present**

#### **Officer(s):**

Stephen Walford (Chief Executive), Jill May (Director of Corporate Affairs and Business Transformation), Kathryn Tebbey (Head of Legal (Monitoring Officer)), Andrew Busby (Group Manager for Corporate Property and Commercial Assets), Dean Emery (Group Manager for Revenues and Benefits), Joanne Nacey (Group Manager for Financial Services), Adrian Welsh (Group Manager for Growth, Economy and Delivery), Christie McCombe (Area Planning Officer) and Sally Gabriel (Member Services Manager)

## 111. **APOLOGIES**

Apologies were received from Cllr G Barnell.

## 112. **PUBLIC QUESTION TIME**

Jo Webber referring to item 12 on the agenda urged the Cabinet not to remove the half hour free car parking facility and to scrap the proposed increases in car parking charges.

Ros Nicholls also referring to item 12 on the agenda asked:

- Why were the funds received from the Premier Inn not earmarked to pay for the maintenance costs?
- Council staff do not pay for parking, how many staff and councillors are eligible for free parking in the Multi Storey and how many used the facilities? You promote the use of permits, could you not change the staff contracts and encourage use of permits at a reduced rate?
- For an explanation as to why there was 30 minutes free car parking in the evenings but not during the day?

Mrs Miller again referring to item 12 on the agenda asked the Cabinet to reconsider the increases in car parking charges and the impact this would have on the High Street.

Cllr Ana Hendy, speaking on behalf of Tiverton Town Council and referring to item 12 on the agenda asked the Cabinet to consider the effect of the charges on the Town Centre Regeneration Plan and urged them to reconsider the increase in car parking charges.

Cllr Andy Perris referring to item 7 asked what the coherent plan was for the Tiverton Town Centre.

The Chairman indicated that answers would be provided when the items were debated.

#### 113. **DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT**

Cllr D J Knowles declared a personal interest with regard to Item 12 on the agenda (Off Street Parking Places Order) as he knew a number of the objectors.

Cllr C J Eginton declared a personal interest in Item 12 on the agenda (Off Street Parking Places Order) as he had a business in the Tiverton.

#### 114. **MINUTES OF THE PREVIOUS MEETING (00-13-29)**

The minutes of the previous meeting were approved as a correct record and signed by the Chairman.

#### 115. **MEETING MANAGEMENT (00-14-15)**

The Chairman indicated that he intended to take Item 12 (Off Street Parking Places Order) as the next item of business.

#### 116. **OFF STREET PARKING PLACES ORDER**

The Cabinet had before it a further \*report of the Deputy Chief Executive (S151) following the decision at the previous meeting to defer the item so that the Cabinet could consider objections and representations made in regard to the proposed changes to the Off-Street Parking Places Order ("OSPPO").

Also Members were requested to consider the following recommendation from Council following receipt of a petition: **RECOMMENDED** to the Cabinet that the decision to increase parking charges in Tiverton specifically the Multi-Storey Car Park and the loss of 30 minutes free parking in Westex South and William Street be reconsidered.

The Leader indicated that consideration would be given to the petition, the Cabinet were not 'anti' people in the town or those who used the car park. The initial decision had been made in August 2019 on recommendation from the Economy Policy Development Group who had considered the views of the Car Parking Working Group. The Scrutiny Committee had called in the decision and requested that the

decision be reconsidered which it had been. He therefore proposed to discuss the issue again, following further concerns raised by local businesses.

The Cabinet Member for Finance stated that there was a need to consider the objections and representations made during the public consultation and to consider the wording of the petition presented to Council. Some of the parking prices had been reduced and he highlighted the most used tariff for one hour's parking and emphasised the value of purchasing a permit. He understood the concerns raised and therefore made further proposals to reduce costs further: a charge of 50p for 30 minutes in Westexe South Car Park, Tiverton and William Street Car Park, Tiverton which he felt was good value for money. The preservation of free parking for 30 minutes between the hours of 8.30-9.30am and 3-4pm, Monday to Friday at William Street Car Park to allow for school arrivals and pick up times. And the changes to the tariff in the Multi-Storey Car Park to allow for 5 hours parking for £3 and 10 Hours parking for £5.

Consideration was given to:

- The compromises that had been made
- The need to increase footfall in the town
- The lack of free parking in CREDITON and CULLOMPTON
- The process for consultation which was a legal requirement
- Whether a working group should be reconvened to reconsider the whole issue of car parking in the towns
- Whether the Economy PDG be requested to review parking charges in a year's time
- The need to finance the maintenance of the car parks
- The parking available in the area of Westexe
- Permits available to purchase and the direct debit facility available
- The need for savings to be made by the Cabinet across other services to allow for the reduction in charges

The Chief Executive answered questions posed in public question time: with regard to the capital receipt from the Premier Inn, he confirmed that these funds were set aside in a reserve but were not set aside for maintenance work. With regard to Councillors and staff using the car park: 42 councillors used the car park as did about 80-100 staff, many of the staff lived locally and were able to walk to work. The Group Manager for Financial Services explained that capital receipts had to be spend on capital items and therefore could not be used to maintain the car parks.

Having considered

- all duly made representations and objections to the proposed Order;
- the petition presented to Council on 8<sup>th</sup> January 2020; and
- the recommendation of the Council arising from its consideration of the said petition

**RESOLVED** that the Order (including the charges and tariffs) be made in accordance with the public notice previously given, with the following modifications:

- (1) the re-introduction of 30 minutes' parking in Westexe South Car Park, Tiverton charged at £0.50 Monday to Saturday;
- (2) the re-introduction of 30 minutes' parking in William Street Car Park, Tiverton charged at £0.50 Monday to Saturday, save for the preservation of FREE parking for 30 minutes between the hours of 8.30-9.30am and 3-4pm Monday to Friday; and
- (3) the proposed charges for parking in the Multi-Storey Car Park, Tiverton be reduced as follows:
  - (a) for 5 hours' parking, the proposed charge is reduced from £4 to £3; and
  - (b) for 10 hours' parking, the proposed charge is reduced from £6 to £5.

(Proposed by Cllr A White and seconded by Cllr Mrs N Woollatt)

Notes:

- i) Cllr D J Knowles declared a personal interest as a number of objectors were known to him;
- ii) Cllr C J Eginton declared a personal interest as he had a business in Tiverton;
- iii) Cllr Miss E Wainwright left the meeting at this point;
- iv) \*Report previously circulated, copy attached to minutes.

**117. CORPORATE HEALTH & SAFETY POLICY (1-02-55)**

Arising from a report of the Director of Corporate Affairs and Business Transformation, the Community Policy Development Group had recommended that the Cabinet note that the Health and Safety Policy had been approved by the JNCC on 4<sup>th</sup> September 2018, following subsequent review by the Health and Safety Committee and representatives from the union, there were no changes to be made to the current policy.

The Cabinet Member for the Working Environment and Support Services outlined the contents of the report stating that it was a legal requirement to review the policy on an annual basis and that no amendments had been required to the existing policy.

**RESOLVED** that the recommendation of the Policy Development Group be approved.

(Proposed by Cllr N Woollatt and seconded by Cllr D J Knowles)

Note: \*Report previously circulated, copy attached to minutes.

#### 118. **COUNCIL TAX REDUCTION SCHEME (1-04-11)**

Arising from a report of the Group Manager for Revenues and Benefits, the Community Policy Development Group had recommended that:

- a) The Council Tax Reduction (banded) scheme be adopted; and
- b) The updated Exceptional Hardship Policy (revised) be adopted.

The Cabinet Member for Finance outlined the contents of the report stating that the Council Tax Reduction Scheme also known as Council Tax Support was introduced in April 2013 and had replaced the national Council Tax Benefit Scheme, with a 10% funding reduction he highlighted the different schemes for working age customers and those that received a pension. He made reference to funding streams, the roll out of universal credit and the hardship scheme available.

Consideration was given to:

- The Hardship Policy and how it was made available
- Enforcement responsibilities

**RESOLVED** that the recommendation from the Policy Development Group be approved.

(Proposed by Cllr A White and seconded by Cllr L D Taylor)

Note: \*Report previously circulated, copy attached to minutes.

#### 119. **SCRUTINY COMMITTEE - CALL-IN - TIVERTON TOWN CENTRE REGENERATION TENDER OUTCOME (1-09-24)**

Following the meeting on 19<sup>th</sup> December 2019, the following \*decision had been called in by members of the Scrutiny Committee:

1. The specific scheme that came forward in advance of the forthcoming Tiverton Town Centre Masterplan be postponed, and allows the second stage of the process to be properly completed before seeking to prioritise strategic investment opportunities.
2. The Cabinet Members for Planning & Economic Regeneration and Housing and Property Services:
  - a) Consider how a Tiverton Town Centre Regeneration Fund might be established to facilitate match-funding opportunities and encourage external investment into the town, with proposals to be brought back to the Cabinet.
  - b) Work with Tiverton Town Council, market traders, the Town Centre Partnership and other businesses in the town to identify a programme of



works that will make a significant improvement to the Town Centre in the short term.

Following consideration of the item at its meeting on 6 January 2020 the Scrutiny Committee had recommended that the decision to defer the Tiverton Town Centre Regeneration Project – Tender Outcome be reconsidered.

The Leader addressed the meeting raising the issue of the lack of consultation with Tiverton Town Council over the proposed scheme and the view that a better scheme could come forward and that it was not value for money to finance a scheme that was not supported by the town council. He highlighted the various schemes that had come forward over recent years and the cost of those projects

Discussion took place regarding:

- The reasons for the call in and that Article 15 (Principles of Decision making) had not been breached
- The views of the lead member for the call-in with regard to a difference of opinion and that there were no clear plans if the project was postponed nor the amount of funding that would be required if a further project was agreed
- The cost of the project to date
- The meetings that had taken place with Tiverton Town Council over the last few months and whether the ideas being put forward were realistic and could be funded and that a bigger scheme would require the loss of the bank which would impact on the residents of the town
- The concerns of local traders

**RESOLVED** that having reconsidered the decision to postpone the specific scheme, the original decision be confirmed. The Cabinet wishes to expedite a substitute scheme to be implemented as quickly as possible with a view to improving the Tiverton Town Centre Regeneration Project.

(Proposed by the Chairman)

Notes:

- i) Cllr R L Stanley declared a personal interest as he had been involved in the initial scheme;
- ii) Cllr C J Eginton declared a personal interest as he had a business in the town;
- iii) \* Decision previously circulated copy attached to minutes.

## 120. **TAX BASE CALCULATION (1-42-06)**

The Cabinet had before it a \* report of the Group Manager for Revenues and Benefits setting out the details of the statutory calculations necessary to determine the Tax Base for the Council Tax.

The Cabinet Member for Finance outlined the contents of the report stating that each year each billing authority was required to calculate and approve its Band D equivalent Council Tax base. It was also necessary to estimate a collection rate for 2020/21

**RECOMMENDED** to Council:

- a) That the calculation of the Council's Tax Base for 2020/21 be approved in accordance with The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 at **29,040.56** an increase of circa 233 Band D equivalent properties from the previous financial year.
- b) That the current Council Tax Rebate scheme is replaced by a banded system paragraph 4.
- c) That a new empty property premium be amended to include further classes of premium detailed in paragraph 3.7.

(Proposed by the Chairman)

Note: \*Report previously circulated, copy attached to minutes.

**121. CREDITON GP/NHS HUB (1-44-57)**

The Group Manager for Financial Services informed the meeting that a report was put before Cabinet on 25 July 2019 with a recommendation to make an advance of £2.1m for 28 years at a fixed rate of 3.75% to facilitate the construction of a GP surgery/NHS Hub at Crediton with a further £4.1m of funding (80% of costs) being provided interest-free from the NHS.

Since then the forecast costs had been updated and contracts were in the process of being drawn up. The forecast costs had increased by £75k and as such a recommendation would be put to the Cabinet in February to increase the approval by £75k and add this to the capital programme.

She was also aware that the term of the loan was now 27 years. As part of the crystallisation of costs she was mindful that the Public Works Loan Board (PWLb) rates had increased across the board by 1%. The Deputy Chief Executive (S151) had since spoken with the contract lead and had agreed an increased rate of 4% fixed.

She informed the meeting how treasury decisions were made and that the authority would not necessarily borrow from the PWLB to fund any advance and therefore were not bound to reflect the full 1% rate increase in the offer.

She reminded the meeting of the following:

- The authority had a first charge on the property with Estates and Technology Transformation Fund (ETTF) NHS, having a second charge.
- State Aid issues had been explored and were not triggered.
- External advice had been taken (Michelmores)
- ETTF would fund 85% of the build and associated costs
- Current estimates suggested that authority would "make" c£750k in surplus interest over the 27 year period.

- Initial annual surplus of £42k in interest reducing to £2k in the final year (if borrowing to fund was required).
- Approval had been requested to borrow to fund this project but internal resources would be used initially to maximise the interest surplus.

Consideration was given to:

- the Public Works Loan Board rates
- State Aid and advice received.

The contents of the update was **NOTED**.

## 122. **CORPORATE PLAN (1-57-02)**

The Cabinet had before it a \* report of the Chief Executive considering the new Corporate Plan for the council in light of comments and feedback from all four policy development groups that reviewed the working draft in December 2019.

The Chief Executive outlined the contents of the report and referred to the feedback that had been received from the Policy Development Groups (available at appendix B of the report) and that the broad consensus of the draft was one of support.

Consideration was given to:

- An amendment to the date of the previous plan to read 2016-2020
- How much influence the authority had on farming practices and whether other agencies should take those issues forward
- The need to include reference to the abolition of the 'Right to Buy'
- The removal of the wording 'hydro-energy and windpower' and leave the wording as 'green sources of energy'
- To include the wording 'private and third sector and communities' into the last bullet point on the Economy section
- To remove the word 'Enable and replace with 'Encourage'.... Communities to deliver their own projects to reduce carbon emissions
- Remove the wording 'by holding more meetings in the evening' from the bullet point ...Promote community involvement in Council activity
- The need to identify Bradninch and Bampton as towns within the map

**RECOMMENDED** to Council that the new Mid Devon Corporate Plan (as amended) be adopted and that delegated authority be given to the Chief Executive to make minor changes to layout or images as necessary prior to publishing.

(Proposed by the Chairman)

Note: \* Report previously circulated, copy attached to minutes.

## 123. **FINANCIAL MONITORING (2-19-49)**

The Group Manager for Financial Services provided the meeting with a verbal update on financial monitoring to date stating that the October variance on budget had been £95k, this had changed in November to £243k deficit, the main factors being:

- **Environmental Services** - Net S106 expenditure slightly less than previously forecast (£9k) this is offset by EMR
- **Waste** – (£15k) Garden waste, permit sales down against budget. Numbers may pick up before year end.
- **Cemeteries** – Income below previously forecast (£10k)
- **Planning** – S106 expenditure has increased by £82k, but this is offset by EMR transfer. Planning income is a further £20k less than forecast at the Oct monitoring.
- **IT** – A salary pressure has been reduced by £11k.
- **Revenues and Benefits** – Housing Benefit Overpayments Recovery forecasts have dropped another £60k – revised forecast following identification of some duplication.
- **NNDR** – Retained Business Rates are forecast to be £48k lower than forecast in Oct following appeals.

The Housing Revenue Account remained unchanged from the October forecast.

## 124. **DRAFT BUDGET (2-24-55)**

The Cabinet had before it a \* report of the Deputy Chief Executive (151) reviewing the revised draft budget changes identified and discussing any further changes required in order for the Council to move towards a balanced budget for 2020/21. Also, to highlight the impact of the proposed changes on the Medium Term Financial Plan (MTFP).

The Cabinet Member for Finance outlined the contents of the report stating that there was a need to consider the budget gap referred to in table 1 of the report and that there was a need to look to use reserves to bridge the gap unless further savings could be realised.

Consideration was given to:

- The proposed savings that had been put forward which included the removal of the weed team and collection calendars
- The special meeting of the Environment Policy Development Group planned for 30 January to consider budget issues
- How effective the weed team had been
- A hard copy of collection calendars would be available on request
- Tiverton Town Council's involvement in the maintenance and planting of flower beds
- The impairment of 25% of 3 Rivers working capital loan

It was therefore **RESOLVED** that:

- a) The updated budget proposals for 2020/21 included in Appendix 1 and 2 and the Capital Programme included in Appendix 4 be agreed.
- b) The payment in advance of the next 3 Years' Pension Deficit (see Section 4) be agreed.
- c) The revised Medium Term Financial Plan (MTFP) be noted.
- d) A minimum General Reserves (General Fund) limit of £2m see Section 5 and Appendix 6 be agreed

(Proposed by Cllr A White and seconded by Cllr L D Taylor)

Note: \*Report previously circulated, copy attached to minutes.

#### 125. **AREA B EASTERN URBAN EXTENSION - MASTERPLAN STAGE II PUBLIC CONSULTATION (2-42-08)**

The Cabinet had before it a \*report of Head of Planning, Economy and Regeneration requesting approval of the Draft Tiverton Eastern Urban Extension SPD Area B Masterplan for Stage 2 Public consultation.

The Group Manager for Growth, Economy and Delivery outlined the contents of the report stating that the report had been presented to the Planning Policy Advisory Group who had recommended a number of amendments relating to bus provision, car parking, allotment provision and maintenance of open space.

An update sheet had been provided as a supplement to take the above into account.

Discussion took place with regard to the need to engage with local councillors.

**RESOLVED** that:

- a) The Draft Tiverton Eastern Urban Extension SPD Area B Masterplan for Stage 2 public consultation be approved (as amended);
- b) The associated Strategic Environmental Screening Report and the Habitats Regulations Assessment Screening Report for consultation be approved; and
- c) Delegated authority be given to the Head of Planning, Economy and Regeneration in consultation with the Cabinet Member for Planning and Regeneration to finalise the material and arrangements for consultation.

(Proposed by the Chairman)

Note: \*Report previously circulated, copy attached to minutes.

126. **CULLOMPTON TOWN CENTRE MASTERPLAN STAGE 1 PUBLIC CONSULTATION (2-45-06)**

The Cabinet had before it a \*report of Head of Planning, Economy and Regeneration considering the key themes detailed in this and seeking approval to progress to a Stage 1 Public consultation on the Cullompton Town Centre Masterplan and Delivery Plan.

The Group Manager for Growth, Economy and Delivery outlined the contents of the report stating that a baseline report (outlining the key messages gathered from a visioning workshop during Sept 2019) was presented to Members of the Planning Policy Advisory Group (PPAG) as well as consultation boards for discussion which had focussed on the following themes.

Principle 1: Cullompton's distinctive historic buildings and landscape will be restored and enhanced

Principle 2: Cullompton's centre will rediscover its historic role as a place of work and making

Principle 3: Cullompton will draw people into the town centre with an enticing experience for visitors

Principle 4: Cullompton's spaces will be reclaimed and redesigned to support a vibrant community life

Principle 5: Cullompton will be a sustainable town for its growing community: with education, community and recreational facilities

Principle 6: It will be easy of move around on foot, on bicycle, by bus and by train.

Changes to the consultation boards requested at PPAG included more emphasis on:

- a) Road / traffic
- b) Living in the town centre
- c) The use of key heritage assets e.g St Andrew's Church, The Walronds, The Manor Hotel and Town Hall.
- d) Delivery of public / private partnerships
- e) The third (community) economy.

Consideration was given to the consultation process and the possible use of 'Survey Monkey' and/or different forms of social media.

It was therefore:

**RESOLVED** that:

- a) The themes set out in this report to form the basis for a Stage 1 Public Consultation be agreed; and

- b) The associated Strategic Environmental Assessment Screening Report and the Habitats Regulations Assessment Screening Report for consultation be approved.
- c) Delegated authority be given to the Head of Planning, Economy and Regeneration in consultation with the Cabinet Member for Planning and Regeneration to finalise the material and arrangements for consultation.

(Proposed by the Chairman)

Note: \*Report previously circulated, copy attached to minutes.

**127. REPLACEMENT PVCU DOUBLE GLAZED UNIT / ENTRANCE DOORS 2020 - 2025, AWARD (2-49-11)**

The Cabinet had before it a report of the Director of Operations advising Members on the results for the tendering of the Replacement PVCU Windows and Doors Programme 2020–2025 and confirm the award of the contract.

The Cabinet Member for Housing and Property Services outlined the contents of the report stating the term of the contract was 3 years with a possible 1 year extension subject to budgets, performance and the approval of the Cabinet Member. He explained the budget for the works and the number of homes which would receive replacements.

**RESOLVED** that the new five-year (3+1+1) PVCU Windows and Doors Replacement Contract be awarded to Contractor 1 with a forecast annual cost £400,000.00. The contract has been awarded to the contractor with the highest combined price/quality score with 40% of the total score based on price and 60% on quality.

(Proposed by Cllr S J Clist and seconded by Cllr D J Knowles)

Note: \*Report previously circulated, copy attached to minutes.

**128. NOTIFICATION OF KEY DECISIONS (2-52-06)**

The Cabinet had before it and **NOTED** its rolling plan \* for February 2020 containing future key decisions.

Note: \*Plan previously circulated, copy attached to minutes.

**129. ACCESS TO INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC (2-52-52)**

Prior to considering the following item on the agenda, discussion took place as to whether it was necessary to pass the following resolution to exclude the press and public having reflected on Article 15 15.02(d) (a presumption in favour of openness) of the Constitution. The Cabinet decided that in all the circumstances of the case, the



public interest in maintaining the exemption outweighed the public interest in disclosing the information.

It was therefore:

**RESOLVED** that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the next item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 respectively of Part 1 of Schedule 12A of the Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information)

(Proposed by the Chairman)

### 130. **DISPOSAL OF LAND AT PARK NURSERY, PARK ROAD, TIVERTON**

The Cabinet had before it a report \* of the Deputy Chief Executive (S151) with regard to the disposal of an asset.

The Cabinet Member for Housing and Property Services outlined the contents of the report and a full discussion took place.

Returning to open session, the Cabinet:

**RESOLVED** that the asset disposal project of Park Nursery Depot, Park Road, Tiverton continue following consideration of the public objections to the notice of intention to dispose.

(Proposed by the Chairman)

Note: \*Report previously circulated.

(The meeting ended at 9.00 pm)

**CHAIRMAN**

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**HOMES PDG**  
**21 JANUARY 2020**

## **HRA MEDIUM TERM FINANCIAL PLAN**

**Cabinet Member** Cllr Alex White, Cllr Simon Clist  
**Responsible Officer** Andrew Jarrett, Deputy Chief Executive (S151)

**Reason for Report:** This report provides an estimate of the budget required for the operation of the Housing Revenue Account (HRA) from 2020/21-2023/24.

**RECOMMENDATION:** That the PDG recommend that Cabinet approve the HRA MTFP as set out in this report.

**Relationship to Corporate Plan:** The Medium Term Financial Plan (MTFP) sets out the financial resources available to deliver the Council's ongoing Corporate Plan pledges/objectives with regard to the landlord function.

**Financial Implications:** By undertaking an annual review of the MTFP the Council can ensure that its Corporate Plan pledges/objectives are affordable.

**Legal Implications:** None.

**Risk Assessment:** The MTFP makes a number of financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available.

**Equality Impact Assessment:** It is considered that the impact of this report on equality related issues will be nil.

**Climate Change Assessment:** The allocation of resources will impact upon the Council's ability to implement/fund new activities linked to climate change, as the MTFP sets the broad budgetary framework for the Council over the coming years.

### **1.0 Introduction**

- 1.1 The Finance and Housing officers have now collated a draft budget for 2020/21 which proposes a balanced budget position, shown as part of a separate report at this meeting.
- 1.2 Further to this the Group Manager for Housing Services and the HRA Accountant have agreed assumptions for the forthcoming years, in order to determine a reasonable forecast of the financial position of the Housing Revenue Account (HRA) in the coming years.

### **2.0 Medium Term Assumptions**

- 2.1 The largest number in the HRA is the dwelling rent figure. Central Government dictated how this would change, stating that Mid Devon's Formula Rent (FR) would decrease by 1% each year until 2019/2020. We are now informed that we will be reverting to the previous policy after this time which would allow us to increase rents by CPI + 1% from 2020/21.

Please note that FR is the amount of rent that properties on social rent are to be charged, according to Central Government.

- 2.2 Other areas of income, such as garage rents, shop rents and service charges, tend to see price rises that are small incremental changes or not at all. Proposed changes (detailed in the HRA budget report) for 2020/21 have been included but no assumptions beyond 20/21.
- 2.3 The operational costs of supplies & services and transport are expected to rise by 2-3% per year. The transport budget has been adjusted to implement the new fleet contract.
- 2.4 Since the annual debt repayments are now a known quantity, we are able to predict these in the medium term and beyond with some certainty. The only expected increases here are where further debt is taken on to fund large scale projects.
- 2.5 Recharges between the General Fund and HRA have been finalised and the forecast inflation of 3% remains consistent with the General Fund future projections.

### **HRA Reserve**

- 2.6 It is anticipated that the HRA reserve balance will stand at £2m at the beginning of 2020/21. There is no plan to utilise the reserve to fund revenue expenditure and so the balance should remain at this level throughout the period up to the end of 2023/24.
- 2.7 In an effort to address the needs identified in the Housing thirty year asset management plan, an amount is to be invested in an earmarked reserve for the long term maintenance of the properties (the Housing Maintenance Fund or HMF). This fund will be used to cover the shortfall in future years, when the demand is greater than tenant rents can meet.

### **3.0 Future Issues**

- 3.1 The HRA Budget report 2020/21, also presented at this meeting, outlines various items of note including:
  - Universal Credit-the ongoing impact
  - Rent Policy – following the decreases until 2019/20, a return to incremental increases
  - RTB impact and servicing the 25yr HRA mortgage
  - Maintaining our stock levels
  - Forecasting the break-even timeline in terms of managing our known costs against a declining housing stock
- 3.2 Clearly, these are significant challenges facing the HRA. Once more detailed information becomes available, individual reports will be produced

for Members and the subsequent Medium Term Financial Plan will take account of them.

#### **4.0 Conclusion**

- 4.1 This meeting is the final opportunity for the group to consider the MTFP and our assumptions prior to approval of the HRA Budget by Full Council on 26 February 2020.

**Contact for more  
information:**

**Andrew Jarrett – Deputy Chief Executive (S151)**  
01884 234242 | [ajarrett@middevon.gov.uk](mailto:ajarrett@middevon.gov.uk)

**JP McLachlan – Principal Accountant**  
01884 234944 | [jpmclachlan@middevon.gov.uk](mailto:jpmclachlan@middevon.gov.uk)

**Circulation of the  
Report:**

**Leadership Team, Members and relevant Group  
Managers**

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**Appendix 1**  
**HRA MEDIUM TERM FINANCIAL PLAN 2020 TO 2023-24**

	Current Base								
	2019-20	Infl	2020-21	Infl	2021-22	Infl	2022-23	Infl	2023-24
	£	%	£	%	£	%	£	%	£
<b>Employee costs</b>									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	2,621,550		2,891,590		2,949,422		3,008,410		3,068,578
<i>Inflation base</i>	2,621,550		2,891,590	2.0%	2,949,422	2.0%	3,008,410	2.0%	3,068,578
One off initiatives	0		0		0		0		0
<b>Total in year cost</b>	<b>2,621,550</b>		<b>2,891,590</b>		<b>2,949,422</b>		<b>3,008,410</b>		<b>3,068,578</b>
<b>Premises costs</b>									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	194,770		197,320		201,266		205,292		209,398
<i>Inflation base</i>	194,770		197,320	2.0%	201,266	2.0%	205,292	2.0%	209,398
One off initiatives									
<b>Total in year cost</b>	<b>194,770</b>		<b>197,320</b>		<b>201,266</b>		<b>205,292</b>		<b>209,398</b>
<b>Transport related costs</b>									
Cost pressures			0		0		0		0
Savings					0		0		0
Base budget	266,510		256,060		270,580		282,970		293,390
<i>Inflation base</i>	266,510		256,060		270,580		282,970		293,390
One off initiatives									
<b>Total in year cost</b>	<b>266,510</b>		<b>256,060</b>		<b>270,580</b>		<b>282,970</b>		<b>293,390</b>
<b>Supplies and services</b>									
Cost pressures			0						0
Savings			0		0		0		0
Base budget	2,218,250		2,174,370		2,239,600		2,306,790		2,375,990
<i>Inflation base</i>	2,218,250		2,174,370	3.0%	2,239,600	3.0%	2,306,790	3.0%	2,375,990
One off initiatives									
<b>Total in year cost</b>	<b>2,218,250</b>		<b>2,174,370</b>		<b>2,239,600</b>		<b>2,306,790</b>		<b>2,375,990</b>
<b>Support services</b>	1,534,110		1,481,630	3.0%	1,526,079	3.0%	1,571,861	3.0%	1,619,017
<b>Total gross expenditure</b>	<b>6,835,190</b>		<b>7,000,970</b>		<b>7,186,947</b>		<b>7,375,323</b>		<b>7,566,373</b>
<b>Rents , fees, charges and grants</b>									
Cost pressures			0		0		0		0
Growth/Savings			0		(237,730)		(241,870)		(246,070)
Base budget	(12,989,370)		(13,323,780)		(13,323,780)		(13,561,510)		(13,803,380)
<i>Inflation base</i>	(12,989,370)		(13,323,780)		(13,561,510)		(13,803,380)		(14,049,450)
One off initiatives	0		0		0		0		0
<b>Total in year cost</b>	<b>(12,989,370)</b>		<b>(13,323,780)</b>		<b>(13,561,510)</b>		<b>(13,803,380)</b>		<b>(14,049,450)</b>
<b>NET COST OF SERVICES</b>	<b>(6,154,180)</b>		<b>(6,322,810)</b>		<b>(6,374,563)</b>		<b>(6,428,057)</b>		<b>(6,483,077)</b>
Interest Payable	1,130,100		1,068,820		1,016,560		967,100		916,172
Interest Payable HRA to GF	48,480		46,360		44,190		41,950		39,650
Capital Financing	977,250		964,220		986,280		986,280		986,280
Contribution to Capital - MRA	2,285,000		2,260,000		2,327,800		2,397,630		2,469,560
Affordable Rent surplus	72,330		87,160		87,160		186,959		291,930
Transfer to Housing Maintenance Fund (HMF)	902,870		1,190,470		1,158,752		1,044,858		925,276
Principal adjustment	738,150		705,780		753,820		803,280		854,209
<b>Budget (Surplus) / Deficit</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
Opening balance 01 April	(2,000,000)		(2,000,000)		(2,000,000)		(2,000,000)		(2,000,000)
<b>Closing balance 31 March</b>	<b>(2,000,000)</b>		<b>(2,000,000)</b>		<b>(2,000,000)</b>		<b>(2,000,000)</b>		<b>(2,000,000)</b>

**Assumptions**

- 1 Salary costs will increase by 2%, at existing FTE levels
- 2 Transport costs based on fleet contract, all other costs 3% inflation



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## HOMES POLICY DEVELOPMENT GROUP 21 JANUARY 2020

### HOUSING SERVICES INCOME MANAGEMENT POLICY

**Cabinet Member(s):** Councillor Simon Clist  
**Responsible Officer:** Mrs Claire Fry, Group Manager for Housing Services

**Reason for Report:** The Housing Service Income Management Policy requires review by virtue of time bar.

#### RECOMMENDATION:

- 1 That the Homes Policy Development Group (PDG) agrees to the proposed changes set out in the tracked policy**
- 2 That the PDG recommends to Cabinet that the Policy be adopted as amended**

**Financial Implications:** The Housing Revenue Account (HRA) is ring fenced and subject to specific financial controls. The Housing Service is funded through the HRA and therefore maintaining the revenue stream is a key priority.

**Legal Implications:** The tenancy agreement defines the Council's relationship with tenants and sets out the rights and responsibilities of both parties. This takes account of legal and regulatory requirements including the Housing Act 1985. Tenants are contractually obliged to pay their rent and other housing costs on time.

**Risk Assessment:** The landlord service has approximately 3,000 homes in management which represents a significant investment. Failure to collect rental income could impact the ability to fund necessary management and maintenance activities.

**Equality Impact Assessment:** There is a suite of housing related policies. The use of these helps to ensure that service delivery is consistent and fair. There is a regulatory requirement for registered providers of social housing to tailor their service to meet the needs of the tenants and the Housing Service requests diversity data from tenants to enable compliance to be monitored.

The Council has a Public Sector Equality Duty which must be taken into account when commencing enforcement action. Officers are obliged to consider the individual circumstances of each tenant in such cases in order to ensure that all relevant factors have been taken into account and reasonable adjustments have been made.

Officers will undertake home visits if someone is unable to come to the office to discuss their current circumstances. They also make referrals or signpost tenants to other agencies which can provide support if a need is identified.

**Relationship to Corporate Plan:** Homes are a priority for the Council and this includes increasing supply in the District and also ensuring that those homes in our ownership are managed efficiently and effectively.

**Impact on Climate Change:** The Housing Service has actively invested in energy efficiency; extensive use of solar PV and air source heat pumps already exists. The ongoing circa £170M 30 year maintenance programme has a significant focus on ensuring energy efficiency. Where sustainable options are available they are utilised; however, it is acknowledged that where there is a significant cost differential that plays heavily in the choices made.

We recognise that the provision of sustainable communities is important. As part of our commitment to meeting the provisions of the Tenant Involvement and Empowerment Standard within the Regulatory Framework for Social Housing, the Council offers a menu of involvement, which provides opportunities for tenants to get involved in service delivery. Tenants scrutinise the work of the Service and are also involved in the development of our newsletter which is published periodically. We use this and social media to promote sustainability and therefore publish information relating to a variety of topics including fuel efficiency, recycling and healthy living.

Officers sometimes have to respond to emergencies such as those associated those arising from serious incidents of anti-social behaviour. In such cases, safeguarding concerns will take priority in order to minimise risk and it is accepted that the ability to manage such issues effectively may have an environmental impact which would not occur if work can be planned in advance and managed in a more co-ordinated way.

## **1.0 Introduction**

- 1.1 The Council is committed to improving the Housing Service and having an effective Income Management policy enables staff to refer to this for guidance on the best course of action under the circumstances. Reference to the policy should ensure that all cases are treated consistently although the policy does offer some discretion to enable reasonable adjustments to be made where necessary.
- 1.2 This policy identifies the approach of the Housing Service to managing rent arrears and other housing related debt.
- 1.3 The existing policy has been in use since it was adopted in 2015. Following a review, a number of amendments have been suggested. These changes have been included on the policy document contained within Appendix 1 and are shown as tracked changes for ease of reference. The tracked changes have affected the formatting of the document. Once the final draft has been agreed, it will be retyped and properly formatted.
- 1.4 The Council's standard tenancy agreement contains a section which relates to the tenant's obligations relating to rent and other charges. Any enforcement action initiated in response to a breach of tenancy conditions related to non-payment of relevant charges will be taken in accordance with the provisions of the Housing Act 1985.

- 1.5 It has been suggested that the next review of the policy should take place in ten years, unless changes in legislation require an earlier review, and this amendment has been suggested as a tracked change in the updated draft of the policy.
- 2.0 **Changes to the Draft Policy**
- 2.1 The Housing Service consulted with local advice agencies in connection with the review and one suggested that the draft policy should make reference to other agencies which can provide advice and support to tenants. This amendment is shown in the introduction.
- 2.2 The main changes to the draft Housing Service Income Management policy are detailed in the narrative below.
- 2.3 Another agency asked about the approach of the Housing Service to vulnerable clients and so reference has been made to the Vulnerability policy previously agreed by the Homes Policy Development Group (PDG), which is available to view on the Housing web pages on the corporate website. This reference is included in the list of related documents in the draft policy.
- 2.4 Several changes have been made to the section relating to payment arrangements in the draft policy. More emphasis has been given to the fact that rent and other charges are payable on time and that this is to ensure that tenants do not go into debt. The draft policy makes it clear that payments are due on the Monday of each week.
- 2.5 Reference has been made to the fact that the Housing Service can charge rent over 52 weeks of the year (rather than 48) according to the conditions of tenancy.
- 2.6 The draft policy makes it clear that tenants are expected to enter into arrangements relating to any debts with the intention being to stop any arrears increasing. The rationale is to minimise those cases where tenants fall into financial hardship as a result of their failure to engage. It is known that those experiencing debt often fail to engage because the size of the problem is overwhelming for them. The Housing Service is committed to a strategy of early intervention and engagement as a means of avoiding this situation occurring.
- 2.7 Our expectations of new tenants have been clarified in the draft policy with the aim of further embedding a payment culture.
- 2.8 The rationale for the “new tenant” visits has been explained in more detail so that everyone, including any support agencies, understand why these are given importance by the Housing Service.
- 2.9 Officers will seek information on income and expenditure from tenants in arrears and the reason for this is explained within the draft policy. The suggested wording shows that our Officers will ask for this information so that any arrangement implemented is affordable for the tenant.

- 2.10 The draft policy contains reference to private messages on social media as a means of contacting tenants. Sometimes, those with a debt may try to avoid contact and in such cases Officers need to use every means possible to establish a dialogue. If any further action becomes necessary, a County Court would expect the Housing Service to have made every effort to explain the seriousness of the situation to the tenant and to give them an opportunity to rectify the breach of tenancy conditions.
- 2.11 Those tenants in receipt of Universal Credit are paid directly, in arrears. However, if they fail to make payments of rent, as expected, then, in some circumstances, the Department of Work and Pensions (DWP) will make alternative payment arrangements. The Housing Service has to request this and then demonstrate that certain criteria have been met. An amendment to the draft policy explains this and allows Officers to make contact with the DWP to request these direct payments without prior reference to the tenant.
- 2.12 The draft policy has been amended to make it clear that the commencement of possession proceedings will be viewed as a last resort, in accordance with good practice. In addition, more information about the review panel has been included. At the request of one of the local advice agencies, there is reference to the fact that support workers may attend the review panel meeting to provide more insight into the circumstances of the tenant concerned. It should be noted that the purpose of the review panel meeting is to ensure that any cases referred to Court for possession proceedings comply with the Pre-action protocol and statutory requirements.
- 2.13 A different procedure applies in the case of introductory tenancies and the narrative relating to this has been amended in the draft policy to clarify the tenant's rights and the expectation of the Housing Service if an arrangement is agreed at such a meeting. It is noted that there should be an offer of an arrangement and that this should be supported by relevant information should the Appeal Panel agreed to extend the introductory tenancy.
- 2.14 At 9.3 in the draft policy, reference is made to sundry debts and how these will be managed. The provisions of the tenancy agreement are such that the Housing Service could take action using one of the grounds for possession under the Housing Act 1985. The draft policy makes it clear that when looking at the debts Officers will review them in a holistic way when trying to negotiate arrangements. The aim is to be "firm but fair" and to maximise income collection whilst at the same time ensuring that the tenant is able to reduce any priority debts.
- 2.15 With regard to arrangements, the draft policy has been amended to include reference to the fact that the Housing Service will always consider action in cases where the debt is at a high level in order to secure the debt by seeking Court Order. This action is necessary in such cases to protect the interests of the Council.
- 2.16 The onus of responsibility is on the tenant to pay their rent and other charges and the draft policy has been amended with the aim of ensuring that there is a clear understanding of this.

- 2.17 Further information has been included in the draft policy on the arrangements relating to insolvency.
- 2.18 The draft policy has been amended to explain that current tenant debt will not be written off under any circumstances. This has been the practice for many years but reference to this has been included to reinforce the position of the Housing Service that current tenants must be held liable for debts which they owe.
- 2.19 The section in the draft policy relating to possession orders has been amended to include more information about what may happen during a Court hearing.
- 2.20 In addition, more information has been included in the draft policy in connection with the responsibilities of the Housing Service which relate to equality and diversity.

### 3.0 **RECOMMENDATION**

- 3.1 Members are asked to consider the content and the proposed changes; and to agree a recommendation relating to the adoption of the revised policy to the Cabinet. In the meantime, the policy will be reviewed and revised to reflect any legislative requirements and/or other guidance or good practice.

**Contact for more Information:** Mrs Claire Fry, Group Manager for Housing Services, Tel: 01884 234920, email: cfry@middevon.gov.uk

**Circulation of the Report:** Councillor Simon Clist, Cabinet Member for Housing, & other members of the Cabinet, Leadership Team

#### **List of Background Papers:**

The MDDC tenancy agreement:

<https://www.middevon.gov.uk/media/206657/final-tenancy-agreement-v140.pdf>

The Vulnerability Policy

<https://www.middevon.gov.uk/residents/housing/council-housing/strategies-and-policies/>

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Mid Devon District Council

## Income Management Policy

Policy Number: HSG v~~32.8~~

~~August~~January 201~~20~~19~~5~~

## Version Control Sheet

*Title: Income Management Policy*

*Purpose:* ~~To alter the title of the policy to Income Management Policy from Rent Arrears Management Policy so it reflects the changes made to the policy. In addition, the policy has been reviewed in accordance with good practice and legislation. The Housing Service must maximise income and this policy sets out the approach which will be taken by Officers to achieve this whilst also ensuring that the needs of vulnerable tenants are met.~~

*Owner:* Group Manager for Housing Services Manager  
cfry@middevon.gov.uk  
Telephone number 01884 234920

*Date:* ~~August January 20~~2015

*Version Number:* ~~v~~32-8

*Status:* Review of Policy and title change

*Review Frequency:* **Every 410 years or sooner if required and in accordance with changes in good practice and legislation**

*Next review date:* ~~December 2029~~June 2019

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*Consultation* **This document was sent out for consultation to the following:**

Cabinet Member  
Staff  
Tenants Together-  
~~Management~~Leadership Team  
Homes Policy Development  
Group Decent & Affordable  
Homes CAB, and CHAT and  
Wiser£Money

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## Document History

This document obtained the following approvals.

Title	Date	Version Approved
Cabinet Member	<del>05/2015</del> <u>20/12/19</u>	<b>2.8</b>
<del>Tenants Together</del>	<b>11/06/2015</b>	<b>2.8</b>
<del>Management Leadership</del> Team	<del>28/7/15</del> <u>07/01/2020</u>	<b>2.8</b>
<u>Homes PDG Decent &amp; Affordable Homes</u>	<del>11/8/15</del> <u>21/01/2020</u>	<b>2.8</b>
Cabinet	<b>27/8/15</b>	<b>2.8</b>

## 1. Introduction

This policy statement outlines Mid Devon District Council's (MDDC), Housing Services approach to the management of rent collection for Council dwellings, garages, garage ground rent plots (GGRP's) and other charges. The aim of this Policy is to create a rent payment culture, ensuring that rent and charges are collected quickly and effectively, whilst supporting our tenants in matters relating to financial inclusion and the ability to manage their money. This will include signposting and referring them to other agencies which may be able to help, as necessary.

## 2. Scope

This policy applies to how the Housing Service will oversee the management and recovery of arrears and other unpaid sums. A firm but fair approach to recovery of rent arrears will be adopted, which is sensitive to individuals' circumstances.

Proactive steps are to be taken to prevent and minimise the build-up of unpaid sums on rent and sub accounts where possible, recognising that from time to time tenants may experience financial difficulties. In these circumstances, Officers aim to support and work with tenants at the earliest opportunity to help tackle financial exclusion and to provide assistance to individuals experiencing financial difficulty.

This policy also covers the following points and should be read in conjunction with the related documents as stated below:

- Payment arrangements
- Preventive measures
- Recovery of current and former rent arrears
- Recovery of other unpaid sums
- Making an arrangement
- Claiming and overpayment of benefits
- Insolvency arrangements
- Writing off debts
- Legal action
- Changing possession orders

## 3. Related Documents

- Corporate Debt Collection Policy
- Tenancy Agreement
- Garage Agreements
- GGRP Agreement
- Pre-action Protocol for Possession claims by Social Landlords
- Recharge Policy
- Rent Arrears Management Procedures
- Service Standards
- Vulnerability Policy

#### 4. Definitions

For the purposes of this policy the definition of rent is defined as a payment

amount, fixed by a tenancy agreement, by which a tenant is liable to pay at specified intervals in return for the right to occupy or use a dwelling, garage or garage ground rent plot.

- A current tenant arrear is when a tenant(s) owes the Council outstanding rent or charges for a dwelling or a garage / garage ground rent plot on a tenancy which is still in place.
- A former tenant arrear is when a former tenant(s) owes the Council any outstanding rent or charges from a terminated tenancy.
- Unpaid sums are any monies outstanding for rent, a service received or recharges, for example alarm charge, rechargeable repair, court costs.
- Charges include rechargeable repairs, court costs, sewage and/or alarm charges.

## 5. Payment arrangements

- 5.1 It is the responsibility of the tenant to pay their rent and charges on time, and to ensure that they do not go into debt, even if they are in receipt of benefits.
- 5.2 Rent and charges are payable by tenants over 48 weeks of the year although in accordance with the tenancy agreement, the Housing Service may raise these charges over 52 weeks of the year. Tenants should who pay their rent weekly, need to pay on the Monday of each week. and Tenants who pay rent on a fortnightly or monthly basis need to pay in advance ensure that their rent accounts do not go into arrears at any time during the fortnight or month.
- 5.3 There are a number of methods by which tenants can make payments, for example direct debit, online payments, automated telephone service, telephone calls to the office, payment at a Council cash office or the kiosk in Phoenix House, Post Office or Payzone outlets. Deduction direct from salary is also an option for employees of MDDC.
- 5.4 Officers will promote all payment methods to tenants.

## 6. Prevention of arrears

- 6.1 The Housing Service will take preventive measures to reduce prevent arrears and debts prevent them escalating.

### 6.2 Early contact

- Tenants will be contacted as soon as their rent account falls into arrears (for example, if payment is not received on the Monday of every week). They are expected to work with us as soon as there is a missed payment. There is an expectation that our tenants will make an arrangement with us to address any debt to reduce the risk of any arrears escalating.

### 6.3 New tenants

- When an offer of accommodation is accepted, the prospective tenant will be provided with clear information on their responsibility to pay rent on time, payment methods available to them, how to claim benefits for housing costs and the amount of rent and other charges payable.

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- In order to build a payment culture, the Council will ask new tenants to pay rent in advance based on the frequency of their payments. Therefore, they will be asked to pay rent one week's rent in advance if they intend to pay weekly, two weeks in advance if the intention is to pay fortnightly and one calendar month k-in advance if they intend to make monthly payments. If the new tenant is in receipt of benefits for housing costs, then the Council will ask for a small contribution towards the rent for the first week of the tenancy, and weekly payments thereafter every Monday until their benefit is in payment and/or their rent account is clear.
- We will invite new tenants to accept a home appointment approximately within six weeks of their new tenancy commencing. This is to see- establish after they signed for their new home to see how they are settling into their new home including discussing rent payments and benefit claims. If it is

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not possible to meet with the tenant at that time, ~~they~~we will carry on trying to make contact, to carry out this visit. This is to ensure that new tenants have not breached their tenancy terms and conditions and provide an opportunity for new tenants to ask any questions which they may have.

- Tenants will be given the opportunity to be signposted to agencies that provide financial and debt advice, tenancy support or access to welfare assistance, where it has been identified that they may need assistance or have requested access to these services.

#### 6.4 Information and advice

- Information will be provided about rent accounts through the issue of quarterly rent statements. Up-to-date statements can also be requested at any time.
- All tenants will be advised of any changes to the rent or charges payable and reason for the changes; for example, we have a statutory duty to inform tenants 4 weeks in advance if we plan to increase or decrease their rent at the start of the new financial year.
- Officers aim to reach an agreement (repayment plan) with the tenant to pay off any unpaid sums over a reasonable period of time. This must be both achievable for the tenant and acceptable to the Housing Service. Income and expenditure information is required to ensure that any arrangement we set up is affordable to the tenant and acceptable to the Council. We specifically look at disposable income and priority debt; on occasions where the tenant has a deficit with regard to their surplus income, we will make an arrangement based on what the tenant advises is affordable to them.
- The Housing Service will work in partnership with agencies to facilitate the provision of independent advice to tenants about money management, debt, housing and welfare benefits.

#### 7. Recovery of current rent arrears

- 7.1 The recovery of arrears will be dealt with in accordance with the Housing Service's Rent Arrears Management Procedures, with an emphasis on maintaining regular personal contact via telephone, letters and home visits throughout the recovery process. All contact made with a tenant will be recorded on our housing management system.

Personal contact allows Officers to gain a greater understanding of the circumstances of tenants who may be finding it hard to pay their rent or charges. Where necessary, text and email, or private message on social media may be used as methods of contacting tenants.

- 7.2 Where a tenant is claiming the housing cost element of Universal Credit and falls into rent arrears, contact will be made with the tenant. They will be advised that if they continue to remain in arrears then an application without notice to the tenant will be made to the Department of Works and Pensions (DWP) to claim direct payments for the rent and arrears by way of alternative payment arrangements (APAs). If an APA

## Income Management Policy

is requested, the arrears are deducted at the rate of up to 20% of the tenant's Housing Cost entitlement, this is often more than the standard arrangement of current weekly rent plus £3.70 per week. It should be noted that the DWP will only agree APAs if the tenant meets the threshold which involves demonstrating that they have met the two specific sets of criteria specified.

- 7.3 If a tenant is in receipt of Housing Benefit and falls into rent arrears, then the Council will ask DWP for direct deductions to be made from other ongoing benefits in respect of the debt at the applicable rate.
- 7.4 Legal proceedings will commence where there is a record of persistent arrears and/or the tenant does not make or adhere to an agreement to reduce the arrears. or the agreement is breached at any time. We will encourage the tenant to make up missed payments to remedy any breach but where a tenant fails to engage we will use court action to secure the debt. This Court action will be used as a last resort.
- 7.5 Rent arrear cases are referred to ~~the Eviction a Review~~ Panel if it is our intention to seek Outright Possession of a property on the grounds of rent arrears. The review is carried out prior to applying to court for possession which may result in eviction. This is to ensure that the Officer managing ~~them the case~~ has followed the correct procedure and done everything possible to recover the debt. Cases are discussed in detail and a decision is made as to whether or not ~~they we~~ should ~~be referred to court apply for outright possession. If seeking a suspended possession order through the court to secure the debt, a review panel will not be held.~~



The Housing Service will ensure that all cases progressed to court comply with the Pre-action protocol for possession claims based on rent arrears and relevant statutory requirements.

- 7.6 If a support agency is involved with a tenant, they may attend the meeting of the Eviction-Review Panel, with the tenant's permission, to provide an update on their financial and other circumstances, as appropriate. Our Officers will encourage tenants to engage with their support workers, as appropriate, in connection with these meetings with a view to ensuring that the support agency is made aware of the appointment and can attend, if possible.
- 7.7 At all stages of the legal process the tenant will be informed of the reasons for the action and where they can seek support and advice.
- 7.8 During legal proceedings, Officers will request a Possession Order, court costs will be recharged to the tenant. Where the court grants an Order for Possession, Officers will also seek to obtain a money judgement order, allowing future recovery of the debt after eviction.
- 7.9 It is the tenant's responsibility to notify us of any changes in their circumstances which may affect their ability to pay their rent.
- 7.10 Where a tenant holds an introductory tenancy and a Notice of Possession Proceedings has been served. They will have the right to have their case heard in front of an Appeals Panel where two senior Council Officers who have had no previous involvement will adjudicate. If the tenant requests an oral hearing, she/he has the right:
- to be heard and to be accompanied or to be represented by another person
  - to call any person to give evidence, and ask her/him any questions.
  - to advise of the reason the debt has accrued and how they may financially maintain their account going forward.
- There should be an offer of arrangement made and if the Appeal Panel ~~agreed~~ in favour of the tenant they should provide all relevant information to ensure an arrangement is in place and maintained.
8. **Recovery of former tenant rent arrears**
- 8.1 All former tenant arrears will be pursued. Every effort will be made to trace and contact debtors and make an arrangement to recover the debt. Where the debt remains unpaid the Housing Service may use debt recovery agencies or initiate proceedings through the County Small Claims Court to recover any unpaid sums. This may affect a former tenant's credit rating.
- 8.2 When a tenant terminates their tenancy, Officers will make contact with the tenant prior to the tenancy ending to advise of any amounts that need clearing prior to termination. If it is not possible for the tenant to pay the balance in full, a repayment plan that is affordable and sustainable will be agreed. If this arrangement is breached at any time the Council reserves the right to review and to decide on the

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[appropriate recovery action.](#)

- 8.3 Former tenants also will be signposted to where they can seek independent advice and support.
- 8.4 If there is an outstanding debt relating to a deceased tenant, the next of kin, administrator or executor will be notified that there will be a claim against the estate.
- 9. **Recovery of other charges**
- 9.1 The Housing Service are responsible for recovering other charges, for example

rechargeable repairs, court costs, sewage or alarm charges.

**9.2** If there ~~is~~ are no outstanding arrears on the main rent account but there is an unpaid sum on a sub account, then the tenant is expected to pay or make an arrangement to clear any amounts outstanding.

**9.29.3** If there is a sub account, for instance if a tenant has a debt relating to an outstanding rechargeable repair, they will be expected to make an arrangement on all accounts that are showing a debt. ~~T-~~ this means that we will look at a tenant's disposable income (money left over after priority debts have been paid), and split the repayments over all accounts showing a debt. If an arrangement is not made to repay all outstanding debts, this could clear any outstanding arrears on their main rent account first. Once arrears from the main account have been settled, the tenant must make arrangements to clear their sub account/s; failure to do so may result in the Council applying to the County Court for possession of our property or the Small Claims court to recover the outstanding balance on any sub account.

**9.39.1** ~~If there is no outstanding arrears on the main rent account but there is an unpaid sum on a sub account then the tenant is expected to pay or make an arrangement to clear any amounts outstanding.~~

**9.4** Payment of alarm charges are due weekly on **a Mondaytime**. When a tenant falls into arrears with their alarm charge and they have failed to engage with us or make an arrangement to clear any unpaid sums. They will be advised in writing that the alarm service will be removed from their property and they will be required to find alternative support.

## **10. Arrangements**

**10.1** When arrears are present, Officers will consider the circumstances of the tenant, their payment history, current financial situation and their ability to pay when agreeing a repayment plan. Income and Expenditure forms will be completed where possible. Alternatively, a tenant may work with a partner agency who will complete a **common standard** financial statement and this will be taken into account if passed to our Officers. This is to ensure that the arrangement is affordable and manageable.

**10.2** Tenants will be advised that court action may be taken to recover unpaid sums if payments are not made on a regular basis or an agreed arrangement is broken or the debt is at a high level which would require securing by Court Order.

## **11. Claiming benefits and overpayments**

**11.1** It is the responsibility of the tenant to make a claim for benefit to cover their housing costs. It is important that tenants talk to Officers straight away if they experience benefit delays. Where a tenant is claiming the housing cost element of Universal Credit, the Housing Service will provide the relevant paperwork to the tenant to support any claims they make. If a tenant is claiming Housing Benefit, the Housing Service can only liaise with Officers in the Benefits team about the case if the tenant has authorised this. Therefore, tenants must not assume that any issues relating to

their Housing Benefit will be resolved without any input from them and furthermore should understand that their claim is their responsibility-

- 11.2** Joint tenants are 'jointly and severally' responsible for paying rent and any charges weekly on ~~time-as~~ Monday as well as any unpaid sums. This means that if one joint tenant does not pay, the other is fully liable. This will still be the case where Universal Credit is only paid to one member of the household, or where one joint tenant has left the property.
- 11.3** The rent arrears process will still be followed where there is a debt due to an outstanding benefit claim or delay. However, cases will be referred to the Eviction Review

Panel where a decision will be made whether or not court proceedings will commence. Where a tenant is entitled to benefit to cover their full rent and they have not been responsible for the delay and can satisfy us that they have provided all supporting evidence to support their claim, court proceedings will not commence. Court proceedings may commence in those cases where the tenant has delayed making a claim for benefits and it is unlikely that the Housing Costs will be backdated (such as those tenants claiming Universal Credit as they will only be paid from the date of the claim).

- 11.4 Tenants are expected to pay any rent due which is not covered by benefits. ~~on time-weekly on a Monday.~~
- 11.5 Tenants are responsible for paying back any overpayment of benefit that covered their housing costs.
12. **Insolvency Arrangements – Bankruptcy, Individual Voluntary Arrangements (IVA) and Debt Relief Orders (DRO)**
- 12.1 Where a tenant has an insolvency arrangement they remain liable to pay current rent as usual. Written confirmation of any arrangements will be required and once received, Officers will update the rent account with details. This is because people subject to such arrangements are advised not to contact their creditors, instead, MDDC should be working with the Receiver who can provide all relevant information.
- 12.2 Where a tenant is bankrupt, rent arrears are not written off. Any repayment of rent arrears which are not kept to will be dealt with in accordance with the Rent Arrears Management Procedures.
- 12.3 Rent arrears accrued prior to a DRO being granted will be dealt with differently. If there is a DRO, creditors are prevented from pursuing debts for a period of 12 months. Tenants with a DRO are still liable to pay rent, and rent arrears incurred after the DRO has been made are not covered by the moratorium. Repayment of these arrears will be dealt with in accordance with the Rent Arrears Management Procedures.
- ~~12.3~~ 12.4 It is important to note that applying for an Individual Voluntary Arrangement (IVA), Bankruptcy or Debt Relief Order does not stop the Council from proceeding to Court to apply for possession of our property. A decision on whether to proceed to Court for possession will be made on a case by case basis and in line with the processes outlined in the policy.

### 13. Write offs

- 13.1 In some circumstances, we will write off irrecoverable debts where they are uneconomic to pursue, for example where there are arrears outstanding after the death of a tenant and there is no estate to recover the debt.
- 13.2 Prior to any unpaid sums being written off, Officers will carry out the relevant recovery actions before seeking approval to write off the debt.

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~~13.2~~13.3 Current tenant debts including sub accounts will not be written off under any circumstances, this is because there is an ongoing liability for current tenants to pay their rent and charges under the tenancy terms and conditions.

#### 14. Legal action

- 14.1 Tenants will be referred to court to secure formally any amounts owing where they have failed to engage with us or keep to an arrangement. This is a serious step which puts their tenancy at risk and will result in the tenant having to pay for court costs.
- 14.2 Procedures laid out by the Pre-Action Protocol for possession claims based on rent arrears will be followed by Officers when court action is being considered.
- 14.3 In cases where the tenant has failed to keep to a court order and where it is deemed

appropriate, repossession proceedings will be undertaken. Tenants will be encouraged to attend court and will be signposted to where they can seek independent advice and support.

## 15. Changing possession orders

15.1 A tenant may be able to request a possession order be varied. This will depend on whether or not the judge had a choice when making the possession order in the first instance, for example in some situations the judge has no choice about making an order and cannot change it once made, as long as the landlord followed the correct legal procedure to obtain the order. This applies to introductory or demoted tenancies, whereby a judge does not hold discretion as possession is sought on a mandatory ground.

15.2 Where a tenant requests to make a change to a possession order, they will be advised to seek independent advice about applying to the court to either have the possession order set aside, suspend or postpone the date for possession or vary the terms of the order. It will be the responsibility of the tenant to supply the relevant evidence (for example the reason they missed a rent payment, details about change in income, details of an outstanding housing cost claim) in their application to have a case re-heard or the possession order to be varied, set aside or delayed. It should not however be assumed that the landlord/Council will agree to new terms, or postponement or adjournment, ultimately it will be judged on a case by case basis and the tenant is responsible for a Court application to vary, postpone or adjourn any Court Order (Information relating to the schedule of fees is available on the Gov.Uk website).

15.3 Any application to the court to set aside a possession order, does not automatically stop the court bailiff carrying out an eviction. It is the responsibility of the tenant to request the court to stay or suspend any warrants at the same time they apply for an order to be set aside or varied. It should not be assumed that the Council will be in agreement with suspending, adjourning or setting aside a Warrant to Evict. There is also an application fee payable to the Court by the tenant and but should someone choose to apply, this can be waived for those demonstrating financial hardship. The County Court makes the decision to waive fees.

## 16. Equality and Diversity

16.1 The Housing Service will tailor its service to meet the diverse needs of individuals, for example sending documents in different formats and offering home visits or office appointments. ~~They~~ It will foster good relations with people when providing their services to eliminate discrimination and promote opportunity of equality.

16.2 The Council will consider the Equality Duty prior to the commencement of any possession proceedings. This means that Officers will give consideration to the reasons as to why a tenant may not be paying their rent, or their ability to do so. Where a tenant has been offered adequate support to enable them to pay their rent, a decision to proceed to Court can still be made.

## 17. Review

This Policy has been written in line with good practice and current relevant legislation. Unless there are any changes to such legislation and/ or other guidance or good practice beforehand, the next review of this Policy is due June-December 20129 and every fourten years thereafter, unless changes in legislation require an earlier review.

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## HOMES POLICY DEVELOPMENT GROUP NOVEMBER 2019

### TENANT COMPENSATION POLICY

#### **Cabinet Member:**

**Responsible Officer:** Mark Baglow, Group Manager for Building Services

**Reason for Report:** To advise Members of the revised improvements to the Tenant Compensation Policy

**RECOMMENDATION(S):** That Cabinet reviews and adopts the revised Tenant Compensation Policy

**Relationship to Corporate Plan:** The Tenant Compensation Policy will be key to managing our council homes efficiently, continuing to work to prevent homelessness and taking consideration for the impact of an aging population, helping elderly people retaining their independence and remain in their own home.

In relation to the community aims, it encourages tenants to support themselves, maintaining their health and wellbeing.

**Financial Implications:** The financial implications will be contained within the Housing Revenue Account (HRA).

Successful implementation of this policy could help to reduce customer dissatisfaction, and upheld complaints, by empowering tenants to exercise their rights to claim compensation appropriately as service requests.

**Legal Implications:** It will be necessary to ensure that the Tenant Compensation Policy addresses all the legal obligations the Council has as a Landlord under within the parameters of the Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994, the Housing Act 1985 and the Leasehold Reform, Housing and Urban Development Act 1993.

**Equality Impact Assessment:** The housing repairs service recognises that there are some circumstances whereby a tenant's disability, language or cultural background may make it more difficult for them to understand or exercise their rights as set out in this policy and associated regulations. We tailor our service to support such tenants.

The provision of the discretionary compensation section allows the housing repairs service to consider the additional impact of disability, language barriers and cultural background

**Risk Assessment:** The management of circa 3000 homes for some of our most vulnerable tenants contains many risks. These risks are managed at a service level.

## **1.0 Introduction**

- 1.1 The last policy was approved in 2015, and has become due for review after 3 years as prescribed within that policy. Taking on feedback from tenants, complaints, our tenant group and the housing ombudsman, it has been deemed necessary to amend the policy to ensure it is clear, and in line with regulation.

## **2.0 Proposed Changes to the Policy**

- 2.1 If accepted, the proposal is for changes to the previous policy to be published for officer use and tenant reference. These changes can be found in the table of amendments below (appendix 1), and in margins of the 'change tracked' policy.
- 2.2 This policy has been aligned with the latest Tenancy Agreements and with the existing regulations, and the latest review of the Improvements to Council Homes Policy.
- 2.3 We have taken into consideration tenant feedback, comments, and complaints received since this policy was last reviewed, and provided greater clarity to tenants seeking compensation or looking to make qualifying improvements.
- 2.4 The term of the policy has been extended to 10 years.

## **3.0 Tenant Consultation**

- 3.1 The Housing 'Tenants Together' group have been consulted on this policy and their comments taken into consideration.

## **4.0 Implementation of the Improvements to Council Properties Policy**

- 4.1 This policy will be published on the council's intranet and public website, with appropriate links from relevant housing and repairs pages. It will be shared internally with all housing officers. We will notify tenants of the updated policy using social media and quarterly rent statement. We will also include the policy as required as an enclosure to comments or complaints requesting or relating to compensation. The points of clarification are intended to benefit tenants as much as it is the council.
- 4.2 Implementation of this policy will be supported by action from both the Building Services and Housing teams.

## **5.0 Financial Context**

- 5.1 Maintaining the Councils housing stock is the largest ongoing element of the Councils capital programme.
- 5.2 Clarification of this policy and strict adherence to it should help to reduce customer dissatisfaction, and upheld complaints, by empowering tenants to exercise their rights to claim compensation appropriately as service requests. This represents possible savings in officer time dealing with complaints and the

reduction of risk of higher penalties as a result of Housing Ombudsman investigation or legal claims.

5.3 There are no additional resource implications as a direct result of this policy.

**Contact for more Information:**

Mark Baglow, Group Manager Building Services  
mbaglow@middevon.gov.uk  
Tel 01884 233011

**Circulation of the Report:**

Director of Operations  
Cabinet Member for Housing  
Tenants Together Group  
Group Managers  
Leadership Team  
Homes Policy Development Group

**Appendix 1 – Summary of additions and revisions**

<b>Policy Ref</b>	<b>Description</b>	<b>Date</b>
1.0	Change of wording from 'policy statement' to 'introduction', including policy statement, to bring in line with consistent policy format	14/08/19
1.0	Complaints and performance statements removed, to be added to later section, in line with consistent policy format.	14/08/19
2.1	New section with added background information on Scope of policy in line with consistent policy format.	14/08/19
2.2	'Policy Standards' transferred to this section of 'scope' in line with consistent policy format.	14/08/19
4.0	Addition of 'Definitions' section in line with consistent policy format.	14/08/19
7.0	Additions to clarify in line with regulations.	14/08/19
	Appendix 2 added – schedule of repairs included in The Right to Repair, with prescribed periods.	14/08/19
8.2	Addition – date of improvement section added, in line with guidance.	14/08/19

8.3	Additional items added – shower, [storage cupboards] in bathroom or kitchen ,loft or cavity wall insulation, draught proofing or external doors or windows, re-wiring or the provision of power and lighting or other electrical fittings including smoke alarms, security measures (excluding burglar alarms)	14/08/19
8.4	Added: Details on when and how tenants can claim.	14/08/19
8.5	Added: ‘Permission must be sought by the tenant and received from Mid Devon District Council housing service, in writing, prior to the improvement being carried out.	14/08/19
8.5	Removed ‘must have submitted three estimates from bona fide contractors and have received written permission from the Council prior to starting work’	14/08/19
8.6	Addition – further guidance on the impact of age, condition and necessity of improvement.	14/08/19
8.6	<i>Addition – off-setting compensation against tenant debt</i>	14/08/19
<i>Appendix 3</i>	<i>Addition - Compensation for Tenants’ Own Improvements – Calculation of compensation payable</i>	14/08/19
4.1	<i>Change to definitions of first and second prescribed periods, to refer to regulations PLangdon</i>	18/09/2019
4.1	<i>Addition of definition for “qualifying repair” P LAngdon</i>	18/09/2019
7.1	<i>Inclusion of introductory tenants to these rights PLangdon</i>	18/09/2019
8.1	<i>Change from contractual to statutory right PLangdon</i>	18/09/2019
8.6, 8.7 & 8.8	<i>Changes made to accord with regulations PLangdon</i>	18/09/2019
10.0	<i>Clarification added for exceptions – discretionary only PLangdon</i>	18/09/2019
13.1	<i>Clarification of statutory rights where Housing Ombudsman is involved PLangdon</i>	18/09/2019
19.0	<i>Update to Equality &amp; Diversity statement</i>	30/10/19

Tenant Compensation Policy 2019

**Mid Devon District Council**

**Tenant Compensation Policy**

**Policy Number: OBS 003**

**October 2019**

Page 1 of 19

Tenant Compensation Policy Version 1.3.1 Month 2019

## Version Control Sheet

**Title:** Tenant Compensation Policy

**Purpose:** To review the Tenant Compensation Policy in accordance with good practice and relevant legislative requirements / to create a policy for a new system of work

**Owner:** Group Manager for Building Services  
[mbaglow@middevon.gov.uk](mailto:mbaglow@middevon.gov.uk)  
01884 233011

**Date:** October 2019

**Version Number:** ~~Version-Number\*~~1.3.1

**Status:** Policy Review

**Review Frequency:** Every 10 years or sooner if required, and in accordance with changes in good practice and legislation.

**Next review date:** October 2029

**Consultation:** This document was sent out for consultation to the following:

Director of Operations  
Cabinet Member for Housing  
Tenants Together Group  
Group Managers  
Leadership Team

~~Delete as appropriate\*~~

**Document History:** This document obtained the following approvals.

Title	Date	Version Approved
Director of Operations		
Cabinet Member for Housing	02/09/19	1.3
Tenants Together Group	12/09/19	1.3
Group Managers	09/09/19	1.3
Leadership Team		<u>1.3.1</u>
Homes Policy Development Group		
Cabinet		

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<b>Appendix 1</b>	<b><del>Summary of additions and revisions</del></b>	
Appendix <u>12</u>	Schedule of repairs included in The Right to Repair, with prescribed periods.	
Appendix <u>23</u>	Compensation for Tenants' Own Improvements – Calculation of compensation payable.	

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## 1.0. Introduction

- 1.1. This policy statement outlines Mid Devon District Council's, Operations Building Services' approach to requests for tenant compensation.
- 1.2. A clear policy will ensure that decisions are made in line with legislation and contractual obligation, as well as ensuring decisions made are fair and consistent.

## 2.0. Scope

- 2.1. This policy explains how we will deal effectively with requests for tenant compensation. The rationale behind this policy is to ensure that there are clear guidelines to inform officers on decisions as to whether compensation should or should not be paid, and if so, how much that amount will be.
- 2.2. This policy covers the following items:
  - Statutory Compensation – Home loss
  - Statutory Compensation – Disturbance Payments
  - Statutory Compensation – The Right to Repair
  - Statutory Compensation – Compensation for tenants' improvements
  - Discretionary Compensation
  - Circumstances where claims will not be met

## 3.0 Related Documents

- Tenancy agreement
- Lease
- Garage and GGRP (Garage Ground Rent Plot ) Tenancy Agreement
- Repairs handbook

## 4.0 Definitions

- 4.1 For the purposes of this policy, the following definitions apply:
  - **Tenant** – means any person, or registered provider of social housing that has a tenancy agreement with the Council or is a leaseholder with the Council
  - **Council Property** – means any land/property owned by the Council either as the freehold or leasehold owner



- **The Right to Repair** – means the right to have certain repairs carried out within given timescales in accordance within The Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994.
- **We/Us/Our** – Mid Devon District Council Housing Service, Tenancy Service or Repairs Service
- **Contractor** - means a person prepared to carry out a qualifying repair and may include the landlord
- **Prescribed description of repair** ~~– (in relation to The Right to Repair)~~ means a repair to a dwelling-house which
  - a) remedies a defect specified in appendix 2 of this policy.
  - b) will not, in the opinion of the landlord, cost more than £250 to repair.
- **First prescribed period** ~~– (in relation to The Right to Repair)~~ means ~~the period specified in The Right to Repair Regulations and defined with the term “first prescribed period” the first working day after the date of issue of the first request, unless an inspection is first required.~~
- **Second prescribed period** ~~– (in relation to The Right to Repair)~~ means ~~the period specified in the Right to Repair Regulations and defined with the term “second prescribed period” first working day after the date of issue of the second request, unless an inspection is first required.~~
- **Working day** – means any day which is not a public holiday, a Saturday or a Sunday.
- **Qualifying Repair** - means any repair of a Prescribed description of repair which the Council is obliged by a repairing covenant to carry out

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**Commented [PL2]:** The second prescribed period is wrongly drafted. I have amended to refer to the regulations to obtain the period. If required I could put in the alternative the definition from the regulations. Please let me know your thoughts

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**Commented [PL3]:** The term qualifying repair is used later in the report but there is no definition

## 5.0 Statutory Compensation – Home Loss

~~5.0~~ The circumstances under which payments relating to Home Loss will be paid are set out in our Decant Policy.

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### 5.1

## 6.0 Statutory Compensation – Disturbance Payments

~~6.0~~ The circumstances under which disturbance payments will be paid are set out in our Decant Policy.

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### 6.1

## 7.0 Statutory Compensation – The Right to Repair

7.1 Subject to and in accordance with The Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994, secure tenants/introductory tenants of Mid Devon District Council are entitled:

**Commented [PL4]:** The regulations apply to introductory tenants as well

- a) to have qualifying repairs carried out, at their landlords' expense, to the dwelling-houses of which they are such tenants; and
- b) to receive compensation from their landlords if qualifying repairs are not carried out within the prescribed period.

~~Tenants may be entitled to compensation for prescribed repairs if the Mid Devon District Council Housing Service twice fails to complete the repair within the prescribed timescales.~~

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#### Repair process

~~7.2~~ Where a secure tenant/ introductory tenant applies for a repair to be carried out, the following process should be followed:

#### 7.2

~~7.3~~ ▲ If it considers it necessary, the Council should inspect the dwelling-house in order to satisfy itself whether the repair is a qualifying repair.

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#### 7.2.1

~~7.4~~ ▲ If the Council does not consider the repair to be a qualifying repair, then it must notify the tenant of this and give an explanation as to why this is the case by reference to the Right to repair regulations.

#### 7.2.2

~~7.5~~ ▲ If the Council considers that the repair is a qualifying repair then it must issue a repair notice to a contractor (which can include the Council), give the tenant a copy of the notice and an explanation of the Right to repair regulations. A repair notice must contain (1) the name of the tenant, (2) the address of the dwelling-house (3) the nature of the repair (4) the name, address and telephone number of the contractor who is to carry out the repair (5) the arrangements made for the contractor to obtain access to the dwelling-house; and (6) the last day of the first prescribed period

#### 7.2.3

~~7.2.4~~ ▲ If a qualifying repair has not been carried out within the first prescribed period, and the tenant notifies the Council that another contractor is required then a further repair notice should be issued to another contractor (where practicable) and a copy given to the tenant. The further repair

notice should contain the same information as the original repair notice but should refer to the second prescribed period

7.67.3 Where a contractor does not complete qualifying repairs within the second prescribed period, then the tenant has a right to a certain amount of compensation from the Council but this is subject where the second prescribed period is suspended because of circumstances of an exceptional nature beyond the control of the Council or contractor who is to carry out the repair which prevents the repair being carried out.

7.77.4 The Right to Repair will cease to apply if:

- a) the tenant informs the landlord that he no longer wants the repair carried out or
- b) the tenant, although he has been given reasonable opportunity, fails –

~~1.0~~ to provide details of the arrangements for the contractor to arrange access or

~~i.~~

~~i.~~ to provide access for an inspection or for the repair to be carried out

~~2.0~~ Compensation will not be payable in circumstances where:

~~c.~~ the repair has been inspected and attended to within set service standards, and the tenant has been advised that the relevant parts are on order, although Mid Devon District Council will endeavour to provide a temporary repair or solution in the mean time

~~d.~~ there are exceptional circumstances beyond the control of Mid Devon District Council or the contractor carrying out the works

~~e.~~ the repair is deemed to be rechargeable to the tenant

~~f.ii.~~ the repair was not as described by the tenant

7.87.5 Mid Devon District Council housing repairs will pay a the specified sum as compensation to the secure/introductory tenant if the qualifying repair has not been carried out within the second prescribed period.

~~—~~ The 'Specified Sum' means the lesser of £50 and

7.6

$\pounds 10 + (\pounds 2 \times N)$

Where *N* is the number of days (counting part of a day as a complete day) in the period starting on the day after the second prescribed period ends and ending on the day on which the qualifying repair is completed.

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**Commented [PL5]:** This is not in the regulations

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~~7.107.7~~ We reserve the right to off-set any sums owed to us by the secure tenant against any compensation payable under the Right to Repair.

## 8.0 Statutory Compensation - Compensation for Tenants' Own Improvements

8.1 Tenants have a ~~statutory right contractual right~~ to claim compensation at the end of their tenancy for 'qualifying improvements' they have carried out to their home.

**Commented [PL6]:** It is a statutory right not contractual

8.2 The 'qualifying improvement' must have been started on or after 1 April 1994

8.3 Qualifying improvements that may be eligible for compensation are:

- bath or shower
- wash hand basin
- toilet
- kitchen sink
- storage cupboards in bathroom or kitchen
- kitchen work surfaces
- central heating or water heating
- thermostatic radiator valves
- insulation of pipes, water tank or cylinder
- loft or cavity wall insulation
- double glazing, secondary glazing or other window replacement
- draught proofing of external doors or windows
- re-wiring or the provision of power and lighting or other electrical fittings including smoke alarms,
- security measures (excluding burglar alarms)

*Internal decoration **does not** qualify for compensation.*

8.4 Tenants can enquire about compensation at any point during their tenancy, but should apply for compensation at the same time as giving notice to end the tenancy. Tenants have 14 days from the end of the tenancy to make a claim. The tenant will need to supply with the claim:

- Name and address
- Details of improvement
- Evidence of permission

- Evidence of cost of improvement
- The dates the improvement works started and finished

• The following guidelines will apply when determining whether compensation is payable:

#### 8.5

• Introductory tenants will not qualify for compensation

##### 8.5.1

• Permission must be sought by the tenant and received from Mid Devon District Council housing service, in writing, prior to the improvement being carried out.

##### 8.5.2

• Work must have been undertaken to an acceptable standard by a competent and qualified contractor.

##### 8.5.3

• Relevant statutory approvals, building regulations, planning permission etc. have been gained and documentary evidence as such is available

##### 8.5.4

• Compensation will not be payable where the tenancy is ended through a possession order obtained through the County or High Court.

##### 8.5.5

• Compensation will not be payable where the tenancy passes from joint to sole names (or vice versa)

##### 8.5.6

• Compensation will not be payable where a mutual exchange has taken place

##### 8.5.7

9.0 Compensation will not be payable if a tenant has exercised their right to Buy.

##### 8.5.8

##### 8.6

8.7 Subject to all the provisions and guidelines contained in this policy, the amount of compensation the Council may consider payable for a qualifying improvement shall be

8.8 where

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~~8.9 C=the cost of the improvement, which shall exclude the amount of any grant or minor works assistance under Part VIII of the Local Government and Housing Act 1989 or the Home Energy Efficiency Grants Regulations 19921 paid in respect of the improvement;~~

~~8.10 N=the notional life of the improvement; and~~

~~Y=the number of complete years, with part of a year being rounded up to a complete year, starting on the date the improvement was completed~~

8.6 Subject to all the provisions and guidelines contained in this policy, the amount of compensation the Council may consider payable for a qualifying improvement shall be  $C \times (1 - Y/N)$  where –

C = the cost of the improvement, which shall exclude the amount of any grant or minor works assistance under Part VIII of the Local Government and Housing Act 1989 or the Home Energy Efficiency Grants Regulations 19921 paid in respect of the improvement;

N = the notional life of the improvement; and

Y = the number of complete years, with part of a year being rounded up to a complete year, starting on the date the improvement was completed

8.7 The notional life of the improvement can be found in The Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994

8.8 The landlord may deduct from and (in the case of sub-paragraph (c) below) add to the amount of compensation calculated in accordance with the above formula such sum as is reasonable to take into account any of the following matters which applies (notwithstanding, in the case of sub-paragraph (c), that otherwise compensation would not be payable)–

(a) the cost of the improvement was excessive;

(b) the improvement is of a higher quality than it would have been had the landlord properly effected it;

(c) the improvement has deteriorated at a lesser rate than provided for in the notional life for that improvement; and

(d) the improvement has deteriorated at a greater rate than provided for in the notional life for that improvement.

The following guidelines will also apply when determining how much compensation is payable:

### 8.9

The maximum payable per qualifying improvement is £3000 and the minimum £50 in line with legislation

#### 8.9.1

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**Commented [PL9]:**

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When a claim compensation for Tenants' Improvements has been received, the council may arrange an inspection by a surveyor and make an assessment based on the cost of the improvement, its estimated total life and the value of the residual life of the improvement to assess the payment that should be made

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The condition of the improvement will be taken into consideration in the offer of compensation

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Mid Devon District Council may offer less or no compensation if it thinks that the improvement was unnecessary, costed too much, is of a higher quality than if the council has carried out the work or is not in line with the type of improvement Mid Devon District Council would offer tenants.

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#### 8.9.2

8.9.3 The amount payable will be offset against any debt owed to the housing service, or where there are likely to be void recharges.

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### 10.09.0 Discretionary Compensation

10.19.1 Any discretionary award for activities or lack of performance not included within the Tenant Statutory Right will be processed as a formal service request. If a tenant remains dissatisfied with the outcome of a service request, this can be reviewed through the MDDC Complaints Policy. Where a tenant accepts any compensatory or good will gesture payment, this will end the formal process.

#### 11.010.0 Circumstances where claims for discretionary compensation will not be met:

**Commented [PL10]:** Is this for the discretionary compensation only or does it include the statutory compensation under the Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994? This needs to be clear. If it is for the statutory compensation this does not accord with the regulations and will need to be looked at

11.410.1 The loss or damage is a result of routine failure of a building's component, fixture or fittings where MDDC Housing has not been negligent.

11.210.2 Where non-availability of parts or materials prevents MDDC's Housing Service completing repairs within the published repair timescales, and the tenant has been kept fully informed

11.310.3 Where the failure is the result of extreme or unforeseen conditions (such as weather conditions) where the council has taken all reasonable steps to restore services or facilities under the prevailing conditions.

11.410.4 Where the service failure is due to interruptions in gas, electricity or water supplies as a result of the non-performance of utility companies, or through the action of the tenant.

11.510.5 Where the loss or damage is the tenant's own fault, including the failure to report repairs in a timely manner or to keep appointments.

11.610.6 Where the loss or damage is as a result of the tenant not noticing or reporting a repair.

~~11.7~~10.7 Where a tenant is informed in advance of an appointment for destructive works i.e. renewal of bathroom suite, plastering works or re-roofing and the tenant chooses to leave items in the area, or leaves items uncovered that subsequently get damaged

~~11.8~~10.8 Where the loss or damage arises from an alteration or repair which the tenant has arranged privately or carried out them self.

~~11.9~~10.9 Where the loss or damage is due to acts of negligence by a third party, for example, a visitor or contractor who is not acting on behalf of the council.

~~11.10~~10.10 Where MDDC has acted reasonably and complied with its legal and contractual liabilities

~~11.11~~10.11 Where loss or damage to personal possessions stored in a council garage, outhouse, porch or shed

#### **~~12.0~~11.0 External Contractors appointed by Mid Devon District Council**

~~12.1~~11.1 MDDC will ensure that all contractors carry Public Liability Insurance and they have a clear and appropriate Compensation and Complaints Policy.

~~12.2~~11.2 Where a claim is made in respect of personal injury, damage to possessions or other financial loss alleged to have been caused by a council contractor's negligence, the council will not accept liability for the claim, but will refer the claim to the contractor themselves.

#### **~~13.0~~12.0 Home Contents Insurance**

~~13.1~~12.1 Tenants are encouraged to have home contents insurance to cover their personal belongings and cost of interior redecoration in the event of damage

~~13.2~~12.2 Mid Devon District Council Housing officers will promote and encourage the tenant to take up contents insurance during their contact with tenants, especially at sign up stage

~~13.3~~12.3 Garage tenants should advise their neighbourhood officer if they store anything other than a vehicle in the garage, in order that they can be advised that garages are not guaranteed water tight or secure storage. Any vehicle stored in a garage should be taxed/SORNed and insured, regardless of whether the vehicle is in use or not

~~13.4~~12.4 Should tenants choose not to take a suitable home contents insurance policy, they take responsibility for replacing items and redecorating at their own cost

#### **~~14.0~~13.0 Independent Housing Ombudsman**

~~14.1~~13.1 With the exception of statutory compensation ~~This~~ compensation policy may not apply where a tenant has made a claim for compensation via the Independent Housing Ombudsman In such cases MDDC, where appropriate, will pay compensation as directed by the Ombudsman.

**Commented [PL11]:** The statutory compensation regulations do not provide that statutory compensation is not payable if a complaint is made to the Independent Housing Ombudsman

#### **~~15.0~~14.0 Legal Proceedings**



~~15.1~~~~14.1~~ With the exception of statutory compensation, the policy does not apply where a tenant has commenced legal proceedings.

#### ~~16.0~~~~15.0~~ **Payment of Compensation**

~~16.1~~~~15.1~~ Compensation payments will be made within 30 days of the offer being accepted by the claimant

~~16.2~~~~15.2~~ All offers of discretionary payments will be made on a 'without prejudice' basis

~~16.3~~~~15.3~~ In cases where discretionary compensation is due to a tenant but their rent account is in arrears, the compensation will be offset against any rent or other housing related debt on the tenants rent account EXCEPT in cases where compensation is being offered to reimburse a direct financial loss or expense incurred by the tenant (for example replacement of a damaged personal household article)

#### ~~17.0~~~~16.0~~ **Appeals / Disputes**

~~17.1~~~~16.1~~ Tenants have a right to dispute or appeal the compensation decision if they feel that MDDC has not met its legal or statutory requirements, or if there is evidence that the has been a service failure.

~~17.2~~~~16.2~~ Disputes can be dealt with informally by phone, email or letter, should a Tenant wish to discuss this with their Neighbourhood Officer or a Repairs Officer.

~~17.3~~~~16.3~~ Disputes can be formally dealt with as a service request.

~~17.4~~~~16.4~~ First time disputes or appeals cannot be dealt with as formal complaints in the first instance.

#### ~~18.0~~~~17.0~~ **Complaints**

~~18.1~~~~17.1~~ Were a Tenant is dissatisfied with the outcome of their response to their formal service request then the formal complaints process can be initiated.

~~18.2~~~~17.2~~ We will deal with any complaints about our service in accordance with our Complaints Procedure. Details are available on the Council's website at [www.middevon.gov.uk](http://www.middevon.gov.uk) or available by telephone on 01884 255255.

#### ~~19.0~~~~18.0~~ **References**

- The Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994.
- The Housing Act 1985
- The Leasehold Reform, Housing and Urban Development Act 1993

#### ~~20.0~~~~19.0~~ **Equality and Diversity**

~~19.1~~ The Housing Service will tailor its services to meet the diverse needs of individuals. We foster good relations with people when providing services to eliminate discrimination and to promote equality of opportunity.

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19.2 MDDC will ensure that this policy is applied fairly to all tenants. The council will not directly or indirectly discriminate against any person or group of people because of their race, religion, gender, marital status, sexual orientation, disability or any other grounds set out in our Equality and Diversity Policy.

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20.119.3 In relation to the implementation of this policy, the housing and repairs service will support tenants as necessary to exercise their rights under this policy and associated regulations. We will tailor our communication as appropriate to ensure that our tenants understand their rights. This policy and any other related publications of the MDDC Housing Service can be provided on request in other formats (e.g. in braille, on tape, in large print)

#### **21.020.0 Review**

21.120.1 This policy has been written in line with current relevant legislation. The policy will be reviewed and revised to reflect any legislation requirements and/or other guidance or good practice. The next review of this policy is due October 2029 and every 10 years thereafter.

#### Appendix 1 – Summary of additions and revisions

Policy Ref	Description	Date
1.0	<del>Change of wording from 'policy statement' to 'introduction', including policy statement, to bring in line with consistent policy format</del>	14/08/19
1.0	<del>Complaints and performance statements removed, to be added to later section, in line with consistent policy format.</del>	14/08/19
2.1	<del>New section with added background information on Scope of policy in line with consistent policy format.</del>	14/08/19
2.2	<del>'Policy Standards' transferred to this section of 'scope' in line with consistent policy format.</del>	14/08/19
4.0	<del>Addition of 'Definitions' section in line with consistent policy format.</del>	14/08/19
7.0	<del>Additions to clarify in line with regulations.</del>	14/08/19
	<del>Appendix 2 added — schedule of repairs included in The Right to Repair, with prescribed periods.</del>	14/08/19
8.2	<del>Addition — date of improvement section added, in line with guidance.</del>	14/08/19
8.3	<del>Additional items added — shower, [storage cupboards] in bathroom or kitchen, loft or cavity wall insulation, draught proofing or external doors or windows, re-wiring or the provision of power and lighting or other electrical fittings including smoke alarms, security measures (excluding burglar alarms)</del>	14/08/19
8.4	<del>Added: Details on when and how tenants can claim.</del>	14/08/19
8.5	<del>Added: 'Permission must be sought by the tenant and received from Mid Devon District Council housing service, in writing, prior to the improvement being carried out.</del>	14/08/19

8.5	<del>Removed 'must have submitted three estimates from bona fide contractors and have received written permission from the Council prior to starting work'</del>	14/08/19
8.6	<del>Addition – further guidance on the impact of age, condition and necessity of improvement.</del>	14/08/19
8.6	<del>Addition – off setting compensation against tenant debt</del>	14/08/19
<del>Appendix 3</del>	<del>Addition – Compensation for Tenants' Own Improvements – Calculation of compensation payable</del>	14/08/19

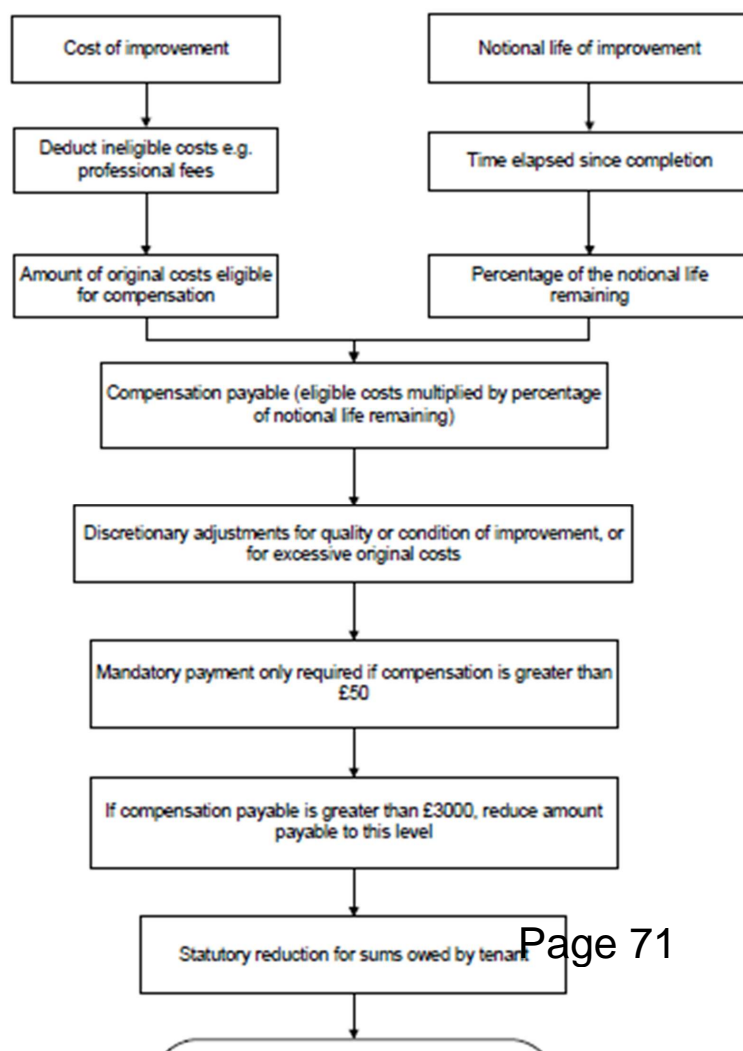
**Appendix 12 – Schedule of repairs included in The Right to Repair, with prescribed periods.**

Defect	Prescribed period (in working days)
Total loss of electric power	1
Partial loss of electric power	3
Unsafe power or lighting socket, or electrical fitting	1
Total loss of water supply	1
Partial loss of water supply	3
Total or partial loss of gas supply	1
Blocked flue to open fire or boiler	1
Total or partial loss of space or water heating between 31st October and 1st May	1
Total or partial loss of space or water heating between 30th April and 1st November	3

Defect	Prescribed period (in working days)
Blocked or leaking foul drain, soil stack, or (where there is no other working toilet in the dwelling-house) toilet pan	1
Toilet not flushing (where there is no other working toilet in the dwelling-house)	1
Blocked sink, bath or basin	3
Tap which cannot be turned	3
Leaking from water or heating pipe, tank or cistern	1
Leaking roof	7
Insecure external window, door or lock	1
Loose or detached bannister or hand rail	3
Rotten timber flooring or stair tread	3
Door entry phone not working	7
Mechanical extractor fan in internal kitchen or bathroom not working	7

Appendix 23 - Compensation for Tenants' Own Improvements – Calculation of compensation payable

**CALCULATION OF COMPENSATION PAYABLE**



of 19

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## HOMES POLICY DEVELOPMENT GROUP NOVEMBER 2019

### REVIEW OF IMPROVEMENTS TO COUNCIL PROPERTIES POLICY

**Cabinet Member:** Cllr Simon Clist, Cabinet Member for Housing

**Responsible Officer:** Mark Baglow, Group Manager for Building Services

**Reason for Report:** To advise members of the revised Improvements to Council Properties Policy.

**RECOMMENDATION(S):** That Cabinet adopts the revised Improvements to Council Properties Policy.

**Relationship to Corporate Plan:** The Improvements to Council Properties Policy will be key to maintaining the councils stock within the parameters of the Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994. Consideration of such requests involves working with local communities to encourage them to support themselves, as well as promoting health and wellbeing. In relation to 'Homes' priorities, it allows us to manage our Council homes effectively.

**Financial Implications:** The financial implications will be contained within the Housing Revenue Account (HRA). Any decisions made in relation to tenants improvements will ensure that the value of the property is not reduced.

**Legal Implications:** It will be necessary to ensure that the Improvements to Council Properties Policy addresses all the legal obligations the Council has as a Landlord under within the parameters of the Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994.

**Equality Impact Assessment:** The housing repairs service recognises that there are some circumstances whereby a tenant's disability, language or cultural background may make it more difficult for them to understand or exercise their rights as set out in this policy and associated regulations. We tailor our service to support such tenants.

In relation to the implementation of this policy, the housing and repairs service will support tenants as necessary to exercise their rights under this policy and associated regulations. We will tailor our communication as appropriate to ensure that our tenants understand their rights. This policy and any other related publications of the MDDC Housing Service can be provided on request in other formats (e.g. in braille, on tape, in large print)

The housing service is committed to supporting council tenants with disabilities, religious or cultural needs. In relation to improvements to council properties, the council has a duty to ensure that tenants have access to washing, sleeping and cooking facilities. Where these needs are compromised, the council will work with tenants to explore a range of solutions, which may include tenant improvements to council properties, council disabled adaptations works or re-housing

**Risk Assessment:** The management of circa 3000 homes for some of our most vulnerable tenants contains many risks. These risks are managed at a service level.

## **1.0 Introduction**

- 1.1 The current policy, last reviewed in 2015 is fit for purpose and very few changes have been made to the policy. There is no new significant legislation suggesting that more major changes should be made. This policy has been brought in line with the most recent Tenant Compensation Policy.

## **2.0 Proposed Changes to the Policy**

- 2.1 If accepted, the proposal is for some minor changes to the previous policy to be published for officer use and tenant reference.
- 2.2 This policy has been aligned with the latest Tenancy Agreements and also the recent tenant compensation policy.
- 2.3 We have taken into consideration tenant feedback, comments, and complaints received since this policy was last reviewed, and provided greater clarity to tenants wishing to make improvements to council properties.
- 2.4 The term of the policy has been extended to 10 years.

## **3.0 Tenant Consultation**

- 3.1 The Housing 'Tenants Together' group have been consulted on this policy and their comments taken into consideration.

## **4.0 Implementation of the Improvements to Council Properties Policy**

- 4.1 There is little change to the policy content, only a clarification of existing policy details. The points of clarification are intended to benefit tenants as much as it is the council.
- 4.2 Implementation of this policy will be supported by action from both the Building Services and Housing teams.

## **5.0 Financial Context**

- 5.1 Maintaining the Councils housing stock is the largest ongoing element of the Councils capital programme.
- 5.2 Clarification of this policy and strict adherence to it should reduce levels of rechargeable works.
- 5.3 There are no additional resource implications as a direct result of this policy.

### **Contact for more Information:**

Mark Baglow, Group Manager Building Services  
mbaglow@middevon.gov.uk  
Tel 01884 233011

### **Circulation of the Report:**

Director of Operations  
Cabinet Member for Housing  
Tenants Together Group  
Group Managers

Leadership Team  
Homes Policy Development Group

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Improvements to Council Properties

**Mid Devon District Council**

***Improvements to Council Properties***

Policy Number: HSG v3.~~7~~6

~~Dec-2015~~November 2019

Page 1 of 11

Improvements to Council Properties Policy v3.~~6247-NovDec-15~~19

## Version Control Sheet

**Title:** *Improvements to Council Properties Policy*

**Purpose:** *To review the Improvements to Council Properties Policy in accordance with good practice and any changes in legislation.*

**Owner:** Housing Services Manager  
[cfry@middevon.gov.uk](mailto:cfry@middevon.gov.uk)  
[mbaglow@middevon.gov.uk](mailto:mbaglow@middevon.gov.uk)  
01884 2330114920

**Date:** ~~December 2015~~November 2019

**Version Number:** v3.~~7~~6

**Status:** Review of Policy

**Review Frequency:** Every 104 years or sooner if required and in accordance with changes in good practice and legislation

**Next review date:** ~~December 2019~~November 2029

**Consultation:** This document was sent out for consultation to the following:

Director of Operations  
Cabinet Member for Housing  
Tenants Together Group  
Group Managers  
Leadership Team

~~Delete as appropriate\*~~

**Document History:** This document obtained the following approvals.

Title	Date	Version Approved
Director of Operations		
Cabinet Member for Housing		
Tenants Together Group		
Group Managers		
Leadership Team		
Homes Policy Development Group		
Cabinet		

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	<u>Appendix 2—*</u>	

## 1.0. Introduction

- 1.1. This policy statement outlines the approach of Mid Devon District Council (MDDC), to responding to requests from tenants, leaseholders or freeholders for permission to carry out alterations or improvements to their property at their own expense and for dealing with unauthorised alterations or improvements which have been carried out and identified.

## 2.0. Scope

- 2.1. This policy sets out how the Council will respond to and manage permission requests relating to structural alterations and improvements to Council properties.

- 2.2. This policy covers the following items:

2.2.1. Permission requests and refusals

2.2.2. Satellite dishes and aerials

2.2.3. Laminated and wooden flooring

2.2.4. Retrospective and conditional consents

2.2.5. Building regulations and planning permissions

2.2.6. Right to compensation for improvements

2.2.7. Freehold and leasehold requests

## 3.0 Related Documents

- Tenancy agreement
- Recharge Policy
- Department for Communities and Local Government (CLG), "A better deal for tenants: Your Right to Compensation for Improvements" leaflet
- Compliments, Comments and Complaints Procedures
- Tenant Compensation Policy

## 4.0 Definitions

- 4.1 For the purposes of this policy, the following definitions apply:

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- **Tenant** – means any person, or registered provider of social housing that has a tenancy agreement with the Council or is a leaseholder with the Council.
- **Council Property** – means any land/property owned by the council either as the freehold or leasehold owner.
- **An 'alteration'** – is where the tenant alters, removes or replaces any of the existing building fabric, its grounds or boundaries.
- **An 'improvement'** – is where the tenant
  - replaces a MDDC fixture or fitting with one of their own which is of a higher quality or standard;
  - installs an item where there is none at present, for example, a new shower;
  - extends the floor area of the property in any way, for example, a conservatory or porch;
  - the carrying out of external decoration
- **Fixture** – items which are attached to and form part of the land and/or buildings which are therefore included as part of the property.
- **Fittings** – do not form part of the land, but may be any item that is free standing or hung by a nail or hook.

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## 5.0 Permission Requests

- 5.1 All permission requests must be made in writing. The applicant must not make any improvements without written consent from the Council. All requests will be considered subject to conditions.
- 5.2 Only secure tenants will be allowed to make improvements and structural alterations to a property. However, introductory and flexible tenants will be given a discretionary right to apply for permission to carry out improvements (not structural), for example to address a health and safety need. These will be considered on an individual basis.
- 5.3 All works to the property must be completed to an appropriate standard of workmanship, within a reasonable time and in accordance with any other conditions contained in the written consent. The tenant is required to notify the Neighbourhood Officer when works have been completed.
- 5.4 The Council will not be responsible for any costs associated with any works or future maintenance.
- 5.5 If a tenant intends to restore or reinstate an existing fixture on termination of their tenancy. The tenant must agree to store the original fixture in a safe and secure environment where it will not deteriorate or be damaged. The Council will not be responsible for any costs incurred.

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5.6 Tenants are responsible for finding alternative accommodation, at their own expense, if they have to move out of their property during any works they carry out. ▲

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5.7 Where a tenant applies in writing and includes a clear description of the proposed works with a detailed plan and any other relevant information requested. The Council will provide a copy of any information held on their asbestos register about that property. ▲

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5.8 However, the tenant is still responsible for finding a qualified and approved asbestos surveyor to carry out a 'Refurbishment and Demolition Asbestos Survey'. This will need to be done before any refurbishment or demolition work, internal or external, where structural alterations or improvements are carried out. The tenant will be required to supply a copy of this survey to the Council prior to works commencing. Any costs incurred will be the responsibility of the tenant. ▲

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5.9 Permission will normally be granted subject to the following conditions:

5.9.1 Where Planning Permission, Building Regulations and/or any other statutory approvals are required, the tenant will be responsible for obtaining these and providing the Housing Service as landlord, with the original copies before works commence.

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5.9.2 Where Building Regulations approval is required, the tenant is requested to provide the Housing Service as landlord, with the original copy of the Completion Certificate after the work has been inspected and approved by Building Control.

5.9.3 Where work on gas and/or electricity supplies is involved, the tenant is required to provide originals of the safety inspection certificates issued on completion of the work.

5.9.4 Any work undertaken on party walls or boundaries complies with the Party Wall Act.

5.9.5 Any damage caused to other parts of the property or neighbouring properties during or as a result of any works carried out will be made good at the tenant's expense.

5.9.6 Any improvements or alterations made to a Council property must be returned to a suitable standard as outlined in the Tenancy Agreement when a tenant vacates their property unless agreed otherwise. Where a tenant does not comply with this, they will be recharged to bring the property back to an acceptable standard.

5.9.7 If the improvement affects neighbouring properties, for example, fencing or walls along a boundary line or a gate on a shared footpath, the tenant will be required to consult with neighbouring properties.

5.9.8 That there are no breaches of the tenancy agreement, for example rent arrears.

5.9.9 Any asbestos disturbed must be removed, sealed or repaired by a qualified and approved contractor with an appropriate licence. The tenant is required to supply the Council with copies of waste consignment notes. ▲

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5.9.10 The Council reserves the right to withdraw any permission granted where it has resulted in causing a nuisance to others. The tenant will be given every opportunity to put things right prior to permission being withdrawn.

5.10 Depending on the type of work proposed, additional conditions or restrictions may be applied. This is to ensure that the works are carried out to the required standard and/or to limit the environmental impact on adjacent properties or areas.

5.11 Examples of structural alterations or improvements include but not limited to:-

5.11.1 The installation, removal or replacement of any walls, the building of any parking space, hard standing, patio, conservatory or similar structure;

5.11.2 Any new outbuildings, for example sheds, greenhouses, aviaries, decking or fencing or the replacement of these;

5.11.3 The removal of trees;

5.11.4 The replacement of a kitchen or bathroom suite including the installation of a shower, bath and mixer taps;

5.11.5 The fitting of an aerial or satellite dish to the property;

5.11.6 Any electrical, gas or heating installation or alterations;

5.11.7 The creation of a pond;

5.11.8 Installation of an outside tap;

5.11.9 External decoration.

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## 6.0 Permission Refusals

6.1 Permission will not be unreasonably withheld, however it will be refused if the intended work:-

6.1.1 Makes the property unsafe;

6.1.2 Reduces the living space (except where a Statement of Need makes a recommendation to adapt a property);

6.1.3 Breaches planning, building or conservation area regulations;

6.1.4 Does not comply with relevant regulations, for example, health and safety;

6.1.5 Reduces the value of the property;

6.1.6 Appears unsightly or out of keeping with the character of the development or surroundings;

6.1.7 May result in making the property difficult to let in the future;

6.1.8 Restricts access to service points such as stopcocks;

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6.1.9 May cause potential structural, shading or access issues to existing or future solar photo voltaic installations; ▲

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6.1.10 It is detrimental to the property ▲

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#### **8.07.0 Section 7.0 Aerials and Satellite Dishes**

8.17.1 Tenants are expected to apply for permission to erect a satellite dish or aerial at their property. Where permission is granted the Council expects the aerial or satellite dish to be sited in a way that minimises its visual impact on the external appearance of the building and is of an appropriate size. Any aerials or dishes no longer required should be removed.

#### **9.08.0 Laminated and wooden flooring**

9.18.1 A tenant must seek permission before installing laminated or wooden flooring. The type of property will be considered for its suitability before granting permission. If flooring is laid without permission, the tenant may be asked to remove it.

9.28.2 Where permission is granted to install this type of flooring, this will be subject to the tenant installing adequate insulation to prevent noise transferring into neighbouring properties. The Council reserves the right to inspect this insulation before the new flooring is laid. If the flooring contributes to or increases noise nuisance to neighbours, the tenant may be asked to remove it. In such circumstances, the Council will not be liable for any cost of its removal or its replacement with an alternative form of floor covering.

9.38.3 If works need to be carried out to a tenant's home which requires the above flooring to be removed or lifted, the Council will not be liable for the cost of its removal, replacement or the cost of relaying it. The tenant will be responsible for lifting up any flooring prior to any repair or maintenance works being carried out.

#### **10.09.0 Retrospective and conditional consent**

10.19.1 A tenant who does not apply for written consent before carrying out work will be required to seek written retrospective consent, once the Council becomes aware of the issue.

10.29.2 A tenant who has been refused permission but continued to carry out works will be required to reinstate the property to its original condition. Failure to do so will result in the Council arranging for the works to be undertaken. The tenant will be recharged for the full costs of reinstating the property and the cost of rectifying any defects or damage resulting from the works.

10.39.3 In cases where the safety and integrity of the structure and/or the Health and Safety of the tenant, any household members, visitors or members of the public are at risk, the Council will arrange for all necessary works to be undertaken. The cost of the work and any other associated costs will be recharged to the tenant.

40.49.4 Consent for improvements may be given by the Council subject to certain conditions. Failure by a tenant to satisfy a condition imposed by the Council shall be treated as a breach of the tenancy agreement.

40.59.5 All recharges will be dealt with in line with the Council's Recharge Policy.

#### **11.010.0 Building Regulations and Planning Permissions**

11.110.1 Some types of improvement, for example a porch, garages, sheds, extensions, satellite dishes and fencing, may need planning permission. Extra planning restrictions apply if a tenant lives in a conservation area. When a request is received, the Neighbourhood Officer will send details to Planning Services to establish if any building regulations or planning permissions are required.

11.210.2 Where building regulations or planning permissions are required it is the responsibility of the tenant to make an application and pay any fee for Planning permission before the works commence.

11.310.3 Improvements may need building control approval, whether planning permission is needed or not. This is to ensure good construction standards are adhered to. Where required it is the responsibility of the tenant to seek advice from Building Control before any works commence.

#### **12.011.0 Right to compensation for improvements**

12.111.1 A Secure tenant may be eligible to apply for compensation for qualifying improvements on termination of tenancy. Further information can be obtained from the DCLG leaflet, "[A better deal for tenants: Your Right to Compensation for Improvements](#)".

12.211.2 Rent arrears, or other monies due to the Council when the tenancy ends (including any costs the Council may incur by failure of the tenant to abide to the terms of the tenancy agreement when vacating the property) will be off set against any compensation due under the policy.

12.311.3 No compensation will be paid if there was a court order for possession of the property based on breach of tenant's obligations, written consent was not obtained or the improvement was replaced during its notional life.

#### **13.012.0 Freehold and Leasehold Requests**

13.112.1 When a request is received from leaseholders or freeholders to make any improvements or structural alterations approval will be granted subject to the request being allowed under the conditions of the conveyance or lease. The freeholder or leaseholder will be responsible for checking if planning permission or building regulations approval are required and for any costs related to the works.

#### **13.0 Appeals / disputes**

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13.1 Tenants have a right to dispute or appeal the compensation decision if they feel that MDDC has not met its legal or statutory requirements, or if there is evidence that the has been a service failure.

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13.2 Disputes can be dealt with informally by phone, email or letter, should a Tenant wish to discuss this with their Neighbourhood Officer or a Repairs Officer.

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13.3 Disputes can be formally dealt with as a service request.

13.4 First time disputes or appeals cannot be dealt with as formal complaints in the first instance.

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#### 14.0 Complaints

14.1 Were a Tenant is dissatisfied with the outcome of their response to their formal service request then the formal complaints process can be initiated.

14.2 We will deal with any complaints about our service in accordance with our Complaints Procedure. Details are available on the Council's website at [www.middevon.gov.uk](http://www.middevon.gov.uk) or available by telephone on 01884 255255.

#### 15.0 References

- Secure Tenants of Local Authorities (Compensation for Improvements) Regulations 1994
- The Leasehold Reform, Housing and Urban Development Act 1993

#### 16.0 Equality and Diversity

16.1 The Housing Service will tailor its services to meet the diverse needs of individuals. We foster good relations with people when providing services to eliminate discrimination and to promote equality of opportunity. There is a suite of housing related and corporate policies. The use of these helps to ensure that service delivery is consistent and fair. There is a regulatory requirement for registered providers of social housing to tailor their service to meet the needs of the tenants.

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16.2 MDDC will ensure that this policy is applied fairly to all tenants. The council will not directly or indirectly discriminate against any person or group of people because of their race, religion, gender, marital status, sexual orientation, disability or any other grounds set out in our Equality and Diversity Policy.

16.3 In relation to the implementation of this policy, the housing and repairs service will support tenants as necessary to exercise their rights under this policy and associated regulations. We will tailor our communication as appropriate to ensure that our tenants understand their rights. This policy and any other related publications of the MDDC Housing Service can be provided on request in other formats (e.g. in braille, on tape, in large print).

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16.4 The housing service is committed to supporting council tenants with disabilities, religious or cultural needs. In relation to improvements to council properties, the council has a duty to ensure that tenants have access to washing, sleeping and

cooking facilities. Where these needs are compromised, the council will work with tenants to explore a range of solutions, which may include tenant improvements to council properties, council disabled adaptations works or re-housing.

#### **17.0 Review**

- 17.1 This Policy has been written in line with good practice and current relevant legislation. Unless there are any changes to such legislation beforehand, the next review of this Policy is due ~~December 2019~~November 2029 and every ~~four~~ten years thereafter.

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## CABINET

13 Feb 2020

### **Business Rates NNDR1 Return and Discretionary Relief Policy for 2020/21**

**Cabinet Member:** Cllr Alex White

**Responsible Officer:** Andrew Jarrett - Deputy Chief Executive (S151) & Dean Emery Group Manager for Revenues and Benefits

**Reason for Report:** To provide Members with an update of the income generation and financial implications of the number of Business Rate properties in Mid Devon and to approve the NNDR1 (estimated income to be generated in 2020/21 from business rates).

To also introduce the refreshed Business Rates Discretionary Relief Policy

### **RECOMMENDATIONS:**

- a) **That the calculation of the NNDR1 net yield of £15.600m from 3206 Business Rated properties is noted and approved for 2020/21;**
- b) **That the proportions distributed to the respective authorities and Central Government be allocated as per the statutory regulations; and**
- c) **That Members note that Central Government will reimburse the Council through a Section 31 grant to compensate it for the reduction in collectable business rates as a result of introducing reliefs.**
- d) **That the revised Business Rates Discretionary Relief Policy be approved**

### **Relationship to Corporate Plan:**

- 1. This report sets out the estimated net business rates for 2020/21; the estimate will then be used in the calculation of future Council business rates budgets.
- 2. This report is in line with the Council's Corporate Plan objectives and is essential to delivering the necessary funding to balance the 2020/21 General Fund Revenue budget.

**Financial Implications:** Mid Devon District Council is a Statutory Billing Authority and has a duty to carry out this task each year as part of the budgetary process. Discretionary Reliefs are awarded in accordance with section 47 of the Local Government Finance Act 1988. Section 47(9) restricts Councils including Parish Councils awarding relief to themselves. Where relief is imposed via Governmental

request they can become fully funded by and Mid Devon's share of the costs is returned through section 31 grants.

**Legal Implications:** This is a statutory function and is a legal requirement. The Council must set its budget annually based on the tax base and the NNDR1 projected values.

Discretionary Relief is awarded via section 47, the Government also use this section to allow Billing Authorities to award fully funded reliefs.

Noting a Ministerial Statement made 28/01/2020 where new and extended reliefs were confirmed. These are shown with the main policy Appendix 2.1

**Risk Assessment:** If the Council fails to carry out this duty, then it will not be able to forecast its future budget positions. The calculation of the NNDR1 involves a number of estimates made by professional officers, but due to the volatility and uncertainty of Business Rates appeals and Central Government retention policies, the Council holds a Business Rates Smoothing Reserve which can be used to mitigate fluctuations in Business Rates receipts.

**Equality Impact Assessment:** No equality issues identified for this report.

## **1.0 Introduction / Background**

- 1.1 Prior to 1 April 2013, all billing authorities collected the business rates in their area and passed this money onto a Central Government pool. The pool was then redistributed to local authorities throughout the country based on their needs, resources and the services they provide to their community. For example, one billing authority may collect £15m and only require £10m to run its services, whereas another billing authority may collect £10m and require £15m to run its services. The shortfall and excess was then redistributed by Central Government through a fixed sum as part of the Formula Grant Settlement.
- 1.2 The Discretionary Relief policy helps to award financial assistance to organisations in controlled and consistent way. Appendix 2.1

## **2.0 Business rates retention scheme**

- 2.1 From 1 April 2013, Central Government changed the way this financing is distributed. Each billing authority now has to forecast the amount of revenue it will generate from business rates and then redistribute that income between Central Government, the county council, the fire authority and itself, based on a centrally prescribed formula (see below). The Business Rates Retention Scheme as it is now known, also allows the billing authority to keep a share of the increase in revenue it generates, therefore encouraging billing authorities to encourage business growth in its area. However, the converse of this applies and if a billing authority's business rates decline, the District Council (i.e. MDDC) will see a proportionate drop in revenue.

- 2.2 This is the key difference between the old and new schemes. As under the old business rates scheme, the level of funding was determined at the beginning of the year and was fixed thereafter.
- 2.3 In order to assist local authorities in retaining revenue within the counties, Central Government allowed county councils and district councils to join together to pool their growth and offset the growth of one area against a decline in another area. Effectively, this creates a larger critical mass across the county to alleviate exposure to individual authority losses, thus enabling counties and districts to retain more of the rates collected instead of contributing this money to the central pool. Mid Devon District Council joined the Devon County-wide pool in 2014 and will remain in the pool for 2020/21.
- 2.4 This report details the calculations necessary to determine the estimated debit the Council is expected to collect in business rates for the 2020/21 year. The net collectable debit is then split proportionally in accordance with the provisions of the Local Government Finance Settlement issued in December 2018 which enables the whole of Devon to have a 50% rates retention, subject to tariffs or levies. The Council continues its Pool membership with the other Devon councils to maximise the amount of Business Rates it can retain. As detailed in 3.5, the Pool was given “Pilot” status in 2018/19 and we were able to retain 100% of Business Rates growth income but unfortunately this was a one year only arrangement and we were unsuccessful in our bid for a 75% Pilot in 2020/21. Therefore, we revert to the 2017/18 distribution arrangements. The tier split for Devon is as follows:
- 9% is distributed to Devon County Council
  - 40% is kept by Mid Devon District Council
  - 1% is distributed to the Devon & Somerset Fire & Rescue Authority
- 2.5 The New 2017 Valuation list took effect from 1st April 2017 and the overall effect of these changes is settling down now.

### **3.0 S31 grant and reduced business rates income**

- 3.1 The Chancellor of the Exchequer announced changes to the Business Rates system in his Autumn Statement for 2018, and councils once again will be compensated for the loss by means of a “S31” Government grant in recognition of the lower amount of business rates that would otherwise become due.
- 3.2 The main changes/announcements are as follows: See Appendix 2(2)
- **A Retail Discount scheme** for occupied retail properties with a rateable value (RV) of less than £51,000 in each of the years 2019/20 and 2020/21. The Retail Discount scheme will reduce rates payable by one third in 2019/20 and 50% from 2020/21 for that year only after all other reliefs including transition relief has been applied, subject to state aid limits. Fully funded Relief under s31 grant

- The Government will continue the £1,500 business rates discount for office space of **local newspapers** in 2020/21 until 2025 as per the ministerial statement 28/01/2020. Fully funded Relief under s31 grant
- 3.3 The following reliefs will continue:
- The **Discretionary Rate Relief** scheme introduced from 1st April 2017 will continue for 2020/21.
  - **Rural Rate Relief** which was previously doubled will continue.
  - The **Small Business Rate Relief** scheme has seen the eligible RV threshold doubled to £12,000 and is now permanent. These ratepayers will receive 100% relief. All ratepayers whose RV is between £12,000 and £15,000 will receive tapered relief and all those ratepayers between RV £15,000 and RV £51,000 will pay their rates based on the lower multiplier.
- 3.4 Appendix 1 shows the estimated net yield from business rates for 2020/21 set out in the NNDR1 return. The Council is notionally able to keep 40% of the total business rates it collects and this would generate an estimated £6.600m (i.e. £15.600m - 40%). We will not be receiving a grant from the DCLG towards collecting the years' business rates but we will continue to retain the income from qualifying renewable energy schemes
- 3.5 As part of the Provisional Settlement received in December 2019 from the Ministry of Housing, Communities and Local Government, it was determined that MDDC's Business Rates Funding Baseline would be £2.2m (i.e it's financial need). This reflects the 50% Government share arrangement. The Business Rates baseline will be reset in 2020 for year 2021/22 and the anticipated 2021 Valuation list.

#### **4.0 Possible amendments to grant and reduced business rates income**

- 4.1 A new budget is due on the 11<sup>th</sup> March 2020 in which it is likely that the ministerial statement of the 28/01/2020 will be confirmed and it is worth noting that other changes are possible. These will be known on the day.
- 4.2 Former Pub Relief will be reinstated without any major changes to the previous formula. Both this and the possible increase in Retail Discount will be funded by Central Government via the Section 31 Grant should they be brought in.

#### **5.0 Conclusion**

- 5.1 Due to the associated volatility and significant sums of revenue involved, we will continue to maintain a Business Rates Smoothing Reserve and provide Members with regular updates on the level of business rates being collected during 2020/21.

**Contact for more Information:** Dean Emery, [demery@middevon.gov.uk](mailto:demery@middevon.gov.uk), Tel: 01884 – 234945 or Fiona Wilkinson, [fwilkinson@middevon.gov.uk](mailto:fwilkinson@middevon.gov.uk), Tel: 01884 - 234329

**Circulation of the Report:** Cabinet Member– Alex White, Leadership Team

**List of Background Papers:**

NNDR1 and supporting documentation

Report and Policy, appendix papers attached to this policy, EIA

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**CABINET**  
**13 February 2020**

**Business Rates NNDR1 Return and Discretionary Relief Policy for 2020/21**

**Cabinet Member:** Cllr Alex White

**Responsible Officer:** Andrew Jarrett - Deputy Chief Executive (S151) and Dean Emery - Group Manager for Revenues and Benefits

**Reason for Report:** To provide Members with an update of the income generation and financial implications of the number of Business Rate properties in Mid Devon and to approve the NNDR1 (estimated income to be generated in 2020/21 from business rates). To also introduce the refreshed Business Rates Discretionary Relief Policy.

**RECOMMENDATIONS:**

- a) That the calculation of the NNDR1 net yield of £15.600m from 3206 Business Rated properties is noted and approved for 2020/21;
- b) That the proportions distributed to the respective authorities and Central Government be allocated as per the statutory regulations;
- c) That Members note that Central Government will reimburse the Council through a Section 31 grant to compensate it for the reduction in collectable business rates as a result of introducing reliefs; and
- d) That the revised Business Rates Discretionary Relief Policy be approved

**Relationship to Corporate Plan:**

- 1. This report sets out the estimated net business rates for 2020/21; the estimate will then be used in the calculation of future Council business rates budgets.
- 2. This report is in line with the Council's Corporate Plan objectives and is essential to delivering the necessary funding to balance the 2020/21 General Fund Revenue budget.

**Financial Implications:** Mid Devon District Council is a Statutory Billing Authority and has a duty to carry out this task each year as part of the budgetary process. Discretionary Reliefs are awarded in accordance with section 47 of the Local Government Finance Act 1988. Section 47(9) restricts Councils including Parish Councils awarding relief to themselves. Where relief is imposed via Governmental request they can become fully funded by and Mid Devon's share of the costs is returned through section 31 grants.

**Legal Implications:** This is a statutory function and is a legal requirement. The Council must set its budget annually based on the tax base and the NNDR1 projected values. Discretionary Relief is awarded via section 47, the Government also use this section to allow Billing Authorities to award fully funded reliefs.

Noting a Ministerial Statement made 28/01/2020 where new and extended reliefs were confirmed. These are shown with the main policy Appendix 2.1.

**Risk Assessment:** If the Council fails to carry out this duty, then it will not be able to forecast its future budget positions. The calculation of the NNDR1 involves a number of estimates made by professional officers, but due to the volatility and uncertainty of Business Rates appeals and Central Government retention policies, the Council holds a Business Rates Smoothing Reserve which can be used to mitigate fluctuations in Business Rates receipts.

**Equality Impact Assessment:** No equality issues identified for this report.

## **1.0 Introduction / Background**

- 1.1 Prior to 1 April 2013, all billing authorities collected the business rates in their area and passed this money onto a Central Government pool. The pool was then redistributed to local authorities throughout the country based on their needs, resources and the services they provide to their community. For example, one billing authority may collect £15m and only require £10m to run its services, whereas another billing authority may collect £10m and require £15m to run its services. The shortfall and excess was then redistributed by Central Government through a fixed sum as part of the Formula Grant Settlement.
- 1.2 The Discretionary Relief policy helps to award financial assistance to organisations in controlled and consistent way. Appendix 2.1 refers.

## **2.0 Business rates retention scheme**

- 2.1 From 1 April 2013, Central Government changed the way this financing is distributed. Each billing authority now has to forecast the amount of revenue it will generate from business rates and then redistribute that income between Central Government, the county council, the fire authority and itself, based on a centrally prescribed formula (see below). The Business Rates Retention Scheme as it is now known, also allows the billing authority to keep a share of the increase in revenue it generates, therefore encouraging billing authorities to encourage business growth in its area. However, the converse of this applies and if a billing authority's business rates decline, the District Council (i.e. MDDC) will see a proportionate drop in revenue.
- 2.2 This is the key difference between the old and new schemes. As under the old business rates scheme, the level of funding was determined at the beginning of the year and was fixed thereafter.
- 2.3 In order to assist local authorities in retaining revenue within the counties, Central Government allowed county councils and district councils to join together to pool their growth and offset the growth of one area against a decline in another area. Effectively, this creates a larger critical mass across the county



to alleviate exposure to individual authority losses, thus enabling counties and districts to retain more of the rates collected instead of contributing this money to the central pool. Mid Devon District Council joined the Devon County-wide pool in 2014 and will remain in the pool for 2020/21.

- 2.4 This report details the calculations necessary to determine the estimated debit the Council is expected to collect in business rates for the 2020/21 year. The net collectable debit is then split proportionally in accordance with the provisions of the Local Government Finance Settlement issued in December 2018 which enables the whole of Devon to have a 50% rates retention, subject to tariffs or levies. The Council continues its Pool membership with the other Devon councils to maximise the amount of Business Rates it can retain. As detailed in 3.5, the Pool was given “Pilot” status in 2018/19 and we were able to retain 100% of Business Rates growth income but unfortunately this was a one year only arrangement and we were unsuccessful in our bid for a 75% Pilot in 2020/21. Therefore, we revert to the 2017/18 distribution arrangements. The tier split for Devon is as follows:

- 9% is distributed to Devon County Council
- 40% is kept by Mid Devon District Council
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- 2.5 The New 2017 Valuation list took effect from 1st April 2017 and the overall effect of these changes is settling down now.

### 3.0 S31 grant and reduced business rates income

- 3.1 The Chancellor of the Exchequer announced changes to the Business Rates system in his Autumn Statement for 2018, and councils once again will be compensated for the loss by means of a “S31” Government grant in recognition of the lower amount of business rates that would otherwise become due.

- 3.2 The main changes/announcements are as follows: See Appendix 2(2).

- 3.2.1 **A Retail Discount scheme** for occupied retail properties with a rateable value (RV) of less than £51,000 in each of the years 2019/20 and 2020/21. The Retail Discount scheme will reduce rates payable by one third in 2019/20 and 50% from 2020/21 for that year only after all other reliefs including transition relief has been applied, subject to state aid limits. Fully funded Relief under s31 grant

- 3.2.2 The Government will continue the £1,500 business rates discount for office space of **local newspapers** in 2020/21 until 2025 as per the ministerial statement 28/01/2020. Fully funded Relief under s31 grant

- 3.3 The following reliefs will continue:

- 3.3.1 The **Discretionary Rate Relief** scheme introduced from 1st April 2017 will continue for 2020/21.

3.3.2 **Rural Rate Relief** which was previously doubled will continue.

3.3.3 The **Small Business Rate Relief** scheme has seen the eligible RV threshold doubled to £12,000 and is now permanent. These ratepayers will receive 100% relief. All ratepayers whose RV is between £12,000 and £15,000 will receive tapered relief and all those ratepayers between RV £15,000 and RV £51,000 will pay their rates based on the lower multiplier.

3.4 Appendix 1 shows the estimated net yield from business rates for 2020/21 set out in the NNDR1 return. The Council is notionally able to keep 40% of the total business rates it collects and this would generate an estimated £6.600m (i.e. £15.600m - 40%) Part 1 of the NDR1 return at line 6 shows cost of collection calculated by the government of £110,909

3.5 As part of the Provisional Settlement received in December 2019 from the Ministry of Housing, Communities and Local Government, it was determined that MDDC's Business Rates Funding Baseline would be £2.2m (i.e it's financial need). This reflects the 50% Government share arrangement. The Business Rates baseline will be reset in 2020 for year 2021/22 and the anticipated 2021 valuation list.

#### 4.0 **Possible amendments to grant and reduced business rates income**

4.1 A new budget is due on 11 March 2020 in which it is likely that the ministerial statement of the 20/01/2020 will be confirmed and it is worth noting that other changes are possible. These will be known on the day.

4.2 Former Pub Relief will be reinstated without any major changes to the previous formula. Both this and the possible increase in Retail Discount will be funded by Central Government via the Section 31 Grant should they be brought in.

#### 5.0 **Conclusion**

5.1 Due to the associated volatility and significant sums of revenue involved, we will continue to maintain a Business Rates Smoothing Reserve and provide Members with regular updates on the level of business rates being collected during 2020/21.

**Contact for more information:** Dean Emery 01884 234328 / demery@middevon.gov.uk

**Background Papers:** NNDR1 and supporting documentation

**Circulation of Report:** Cllr Alex White, Cabinet, Leadership Team

13 FEBRUARY 2020

**BUSINESS RATES DISCRETIONARY RATE RELIEF POLICY**

**Cabinet Member(s):** Alex White – Finance  
**Responsible Officer:** Dean Emery GM/Andrew Jarrett s151/Deputy CEO

**Reason for Report:** To introduce a refreshed Business Rates Discretionary Relief Policy

**RECOMMENDATION:** The content of this report and the revised policy to be adopted by Mid Devon District Council

**Financial Implications:** Unless reliefs are fully funded by the Government under section 31 the cost of these reductions are split as follows. Government 50%, Mid Devon 40%, Devon County Council 9% and Fire Authority 1%. Reliefs currently awarded are **£5,395,361m** (Mandatory Relief), **£95,739** (Discretionary Relief) and **£405,159,000** (Discretionary Funded s31). This revised policy aims to better manage reliefs and also gives some protections. Figures taken from Q3 NDR3 Financial Review.

**Legal Implications:** Policy in line with LGFA 1988 s47 & s49 – Section 31 Funded Reliefs (temporary changes) are paid via s47

**Risk Assessment:** Low Risk

**Equality Impact Assessment:** This equality impact assessment considers the impact of this policy on the relevant protected characteristics, as defined by the Equality Duty, which are:

- Age (including children and young people)
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race
- Religion or belief
- Sex
- Sexual orientation
- Marriage or civil partnership status (in respect of the requirement to have due regard to eliminate discrimination)

**Relationship to Corporate Plan:** To help drive Aim 1 (Economy) to also help local organisations to remain in the area delivering services to the Local Community

**Impact on Climate Change:** There are no known impacts.

## 1.0 Introduction/Background

1.1 Mid Devon District Council Refreshed Policy makes sure that public funds are used and protected in a measured and consistent way

1.2 The policy helps advertise financial help for Business Rate Payers

1.3 The policy meets with Government guidance and expectations on the promotion of reliefs for business rates

1.4 Each application for Discretionary Relief, funded or unfunded are required to satisfy EU State Aid Rules.

1.5 Should Britain leave the EU the Government are advising that the rules on State Aid will be brought into our legislation, as such it appears this test will remain.

## 2.0 Recommendations

- 2.1 Rateable Value (RV) capped at £80,000
- 2.2 Where a local organisation would normally qualify for 100% Small Business Rates Relief but for the “Interaction of Reliefs” rules (point 12) Mid Devon Council will award discretionary relief “top up” of 100%.
- 2.3 Continuation of Rural Rate Relief Top up of 50% - this is also subject to the Government allowing this to happen. Fully fund relief under s31 grant.
- 2.4 Continuation of all special measures fully funded under s31 grant, i.e. help for Small Businesses, Revaluation Relief, and Retail Discount for year 2020/21. Note all reliefs will legally stop as of 01/04/2021 unless Government advise otherwise
- 2.5 Maximum amount of relief to be set at 80% of the net payable amount
- 2.6 Approval of fully funded reliefs to be delegated to Revenues and Benefits Managers or as directed by the s151 Officer
- 2.7 Approvals of Discretionary Relief (non-funded) to be delegated to Revenues and Benefits Managers or as directed by the s151 Officer
- 2.8 Local Discretionary Relief for Young / New Businesses approval of agreed amounts to be approved by s151 or Deputy only
- 2.9 Approval of (2.8) 9.1 within the policy can only be approved by s151 or Deputy or delegated to the Group Manager
- 2.10 Changes or new reliefs to be agreed by ‘Executive Order’ or as required by the s151 Officer and Government Guidance
- 2.11 Reliefs are brought in as required by the ministerial statement 28/01/2020
  - 2.11.1 Retail Relief increases to 50% from 33%
  - 2.11.2 Pub Relief awarding a maximum of £1,000 to those that qualify
  - 2.11.3 Local Newspaper Relief of £1,500 is awarded to those that qualify from 2020/21 to 2025
- 2.12 **Cabinet recommends this revised policy is adopted by Mid Devon District Council**

**Contact for more Information:** Dean Emery, [demery@middevon.gov.uk](mailto:demery@middevon.gov.uk), Tel: 01884 – 234945 or Fiona Wilkinson, [fwilkinson@middevon.gov.uk](mailto:fwilkinson@middevon.gov.uk), Tel: 01884 - 234329

**Circulation of the Report:** Cabinet Member seen and approved Yes – Alex White, Leadership Team





**List of Background Papers:** Report and Policy, appendix papers attached to this policy, EIA

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# **DISCRETIONARY RATE RELIEF POLICY**

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## 1. **Introduction and scope**

Mid Devon recognises that both the community and voluntary sectors make an important contribution to the local economy, health and well-being of the residents who live and work in Mid Devon. However, Discretionary Rate Relief granted by Mid Devon is paid for by the Council Tax Payers and the Council has a duty to ensure that public funds are spent wisely and there is due transparency and accountability.

This policy document outlines the areas of local discretion and Mid Devon's approach when awarding Discretionary Rate Relief. This approach has regard to the impact:

- On the Council's wider financial position and how that affects Council Tax payers
- On the organisations and businesses that currently receive or may apply for Relief in the future
- On Mid Devon residents, if relief is awarded and the regeneration benefits to the local community
- Of funding made available by Central Government to provide full financial support for the awarding of relief such as but not restricted to: Revaluation Relief, Rural Rate Relief and Help for Small Businesses, Retail Relief.

***The principal consideration when making an award is that any Relief is in the best interests of the taxpayers of Mid Devon and gives a local benefit.***



## **2. Discretionary Rate Relief Scheme**

Discretionary Rate Relief is granted in accordance with:

- Section 43 of the Local Government Finance Act (LGFA) 1988; and
- Section 47- 49 of the Local Government Finance Act (LGFA) 1988 as amended by the Localism Act 2011

Clause 69 of the Localism Act amended section 47 of the Local Government Finance Act (LGFA) 1988 to allow local billing authorities to fund their own local discounts entirely as it sees fit within the limits of the primary legislation and European Rules on State Aid. These powers can be used to encourage new business and investment, regeneration projects, as well as to support local shops or community services.

The cost of awarding Discretionary Rate Relief is split between Central Government (50%), Mid Devon (40%) the County Council (9%) and Devon Fire (1%). However in certain circumstances Central Government fund 100% of the cost of awarding relief.

Regulations state that hereditaments cannot qualify for relief if they are occupied by precepting authorities which includes **town and parish councils**. Discretionary relief cannot be awarded in respect of any properties where Mid Devon, town or parish councils are in occupation, unless acting as 'trustee' LGFA 1998 s47(9)

### **Other organisations that would not normally receive discretionary relief**

Educational organisations that are not registered charities (including universities, further education colleges, voluntary aided, voluntary controlled, church or grant-aided schools, public schools, foundation schools and academies).

Guidance was given to local authorities in 1990 and 2002 recommending that the authority should have readily understood policies for deciding whether or not to grant relief, and for determining the amount of relief to certain organisations which operate within specified criteria. This criteria covers:

- Charitable bodies already in receipt of Mandatory Relief at 80% the Council has further discretion to "top up" this Relief on a case by case basis
- Registered community amateur sports clubs already in receipt of Mandatory Relief at 80% - the Council has further discretion to "top up" this Relief on a case by case basis.
- Not for-profit organisations - the Council has discretion to grant Discretionary Rate Relief in accordance with local policy on a case by case basis.
- Where a local organisation would normally qualify for 100% Small Business Rates Relief but for the "Interaction of Reliefs" rules (point 12) Mid Devon Council will award discretionary relief "top up" of 100%.

The Council will consider applications for a Discretionary Rate Relief "top up" on a case by case basis. The principal consideration is that any Discretionary Relief is granted in the best interests of the taxpayers of Mid Devon and produces a local benefit as the Council must bear a percentage of the cost of any Relief granted. However, it is Council policy that no

Discretionary Relief will be awarded to National Charity Shops they will only receive the 80% Mandatory Relief.

***Discretionary Relief will only be considered where the Rateable Value (RV) is up to and including £80,000(RV). Applications received where the (RV) is above this will be reviewed on a case by case basis not immediately refused, although circumstances would need to be considered to be unique before relief is awarded. Relief will be capped at a maximum of 80% the net business rates charge with a £80,000(RV), Mid Devon recognises that one size doesn't fit all.***

## **2.1 Rural Rate Relief**

**In all three scenarios listed below 100% Rural Rate Relief should be applied.**

The 2016 Autumn Statement confirmed the doubling of rural rate relief from 50% to 100% from 1st April 2017. Local authorities are expected to continue to use their local discount powers to grant 100% rural rate relief to eligible ratepayers.

Local authorities will be compensated in full for their loss of income as a result of this measure. This compensation will be paid by section 31 grant and calculated on the basis of individual council NNDR returns under the rates retention scheme.

The Council may award Rural Rate Relief to qualifying businesses in designated rural settlements (settlements identified with a population of less than 3,000). Qualifying businesses include Post Offices and Food Shops with a rateable value of less than £8,500 or the only Public House, or the only Petrol Filling Station in the designated rural settlements with a rateable value of less than £12,500.

### **Post Offices**

Post Offices are an important component of many local communities, and particularly so in rural areas and qualifying Post Offices, in designated rural areas with an Rateable Value of less than £8,500 will receive 100% Rural Rate Relief.

### **Village Stores, Filling Stations, Public Houses and Village Halls**

Village Stores with a rateable value of less than £8,500, and Filling Stations and Pubs with a rateable value of less than £12,500, will receive 100 % Rural Rate Relief.

It is Council policy that all "Village Halls" will be awarded 100% Discretionary Top-Up relief after any Mandatory Relief has been applied. No applications will be required.

### **Other Rural Businesses with Rateable Values under £16,500**

Such businesses get no Mandatory Relief and can only be considered for Discretionary Rural Rate Relief each case is treated on its own merits by reference to the contribution and importance of the business to the local community.

A maximum of 80% Discretionary Rate Relief can be awarded the Council will assess all applications by using the scoring matrix shown in Appendix 1

### **Rural Settlements – Maintenance of Lists – Appendix 3**

It is further agreed that a review is undertaken of qualifying rural settlements 3 months before the new financial year begins. Further information to aid this process will have to be obtained from census records where possible. To help with the review information will be used from Electoral Registration to try and obtain population numbers. The populous of an area doesn't have age boundaries all are included in the 3000 population amount.

If it is found that the population is greater than 3000 and a business no-longer qualifies advice will be given on alternative reliefs that could be claimed. It would be assumed that in most cases the organisation/business would claim Small Business Rates Relief

### **3. Charitable Organisations**

Mandatory Rate Relief of 80% is granted to charities in the following circumstances:

Where the:

- Ratepayer of a property is a charity or the trustees of a charity;  
and
- The property is wholly or mainly used for charitable purposes (including charity shops, where the goods sold are mainly donated and the proceeds are used for the purpose of the charity)

Registration under the Charities Act 1993 is conclusive evidence of charitable status. Bodies which, under the 1993 Act, are exempted from registration or are exempt charities are also eligible for Mandatory Relief.

It is agreed that in cases where a charity is in receipt of Mandatory Rate Relief of **80%** the Council will consider applications for a Discretionary Rate Relief "top up" on a case by case basis. If, but for an award of Mandatory Relief, a charity would qualify for 100% small business rate relief, Discretionary Rate Relief "top up" will be awarded at 100% of any remaining business rate bill. This only applies to local charities and not national charities, except for Citizens Advice Bureaux where 100% 'top up' will be granted.

The principal consideration is that any Discretionary Relief is granted in the best interests of the taxpayers of Mid Devon and delivers a local benefit as the Council must bear a percentage of the cost of any Relief granted Mandatory and or Discretionary at 40%.

However, it is Council policy that no Discretionary Rate Relief will be paid to National Charity Shops.

For a consistent approach the maximum of relief will be calculated as shown in Appendix 1

### **4. Registered Community Amateur Sports Clubs (CASC's)**

Mandatory Rate Relief of 80% is granted to registered CASC's.

To qualify as a CASC, the club must fulfil ALL of the following criteria. It must be:

- On the CASC register (<https://www.gov.uk/government/publications/community-amateur-sportsclubs-casc-registered-with-hmrc--2>)

- Open to the whole community
- Run as an amateur club
- A non-profit making organisation; and
- Aiming to provide facilities for, and encourage people to take part in, eligible sport

The Council will consider applications for a Discretionary Rate Relief “top up” from CASC’s on a case by case basis. If, but for an award of Mandatory Relief, a CASC would qualify for 100% small business rate relief, Discretionary Rate Relief “top up” will be awarded at 100% of any remaining business rate bill. This only applies to local organisations not national companies, however, all applications will be looked at on a case by case basis.

The principal consideration is that any Relief is granted in the best interests of the taxpayers of Mid Devon and produces a local benefit as the Council must bear a percentage of the cost of any Relief granted at 40%. However, it should be noted that sports clubs and other organisations which run a bar will have this assessed along with other criteria. For a consistent approach on the maximum of **10%** Discretionary Rate Relief awarded the Council will assess all applications by using the scoring matrix as shown in Appendix 1

## **5. Not for-profit making organisations including Community Interest Companies**

Such organisations do not qualify for Mandatory Relief and can only be considered for Discretionary Relief each case is treated on its merits by reference to the contribution and importance of the business to the local community.

The main objectives of the organisation must be related to:

Relief of poverty, Advancement of Religion, Advancement of Education, Social Welfare, Science, Literature, Fine arts and Recreation or otherwise beneficial to the community.

A Community Interest Company (“CIC”) is a type of company, designed primarily for social enterprises that want to use their profits and assets for the public good. CIC’s are particularly attractive to those wishing to enjoy the benefits of limited company status and want to make it clear that they are established for the benefit of the community, but are not able, or do not wish to become charities. They vary in size from small community-based organisations to multimillion pound enterprises. CIC’s are relatively easy to set up, with all the flexibility and certainty of the company form, but with some special features which ensure that they work for the benefit of the community.

However, it should be noted that sports clubs and other organisations which run a **bar** will have this assessed along with other criteria.

It is agreed that the Council will consider applications for a Discretionary Rate Relief for ‘Not For-Profit’ Organisations and Community Interest Companies on a case by case basis. The principal consideration is that any Discretionary Relief is granted in the best interests of the taxpayers of Mid Devon and produces a local benefit as the Council must bear a percentage of the cost of any Relief granted of 40%.

**Discretionary Relief will only be considered where the Rateable Value (RV) is up to and including £80,000(RV). Applications received where the (RV) is above this will be reviewed on a case by case basis and not immediately refused, although circumstances would need to be considered to be unique before relief is awarded. Relief will be capped at a maximum of 80% the net business rates charge with a £80,000(RV), Mid Devon recognises that one size doesn't fit all.**

For a consistent approach on the maximum of **80%** Discretionary Rate Relief awarded the Council will assess all applications by using the scoring matrix as shown in Appendix 1

## **6. Hardship Relief (Section 49)**

The Council has the power to reduce or remit the Business Rates charged in certain circumstances where the Ratepayer is enduring temporary financial difficulties, this is known as Hardship Relief.

The principal purpose of an award of Hardship Relief is to provide short term assistance to businesses that are suffering “exceptional” hardship arising from circumstances beyond the control and outside of the normal risks associated with running a business of that type to the extent that the viability of the business would be threatened if an award were not made. Applicants must have and be able to demonstrate they have investigated all other avenues of financial assistance prior to making a claim for Hardship Relief.

The Council may grant Hardship Relief if it is satisfied that:

- The Ratepayer would sustain financial hardship if the Council did not do so:  
and
- It is reasonable for the Council to grant Relief, with regard to the interests of its residents and Council Tax payers

Hardship Relief will only be applied to the actual balance outstanding in the year the application was made.

No Hardship Relief can be awarded where payment has been made in part or full.

Hardship Relief is a temporary measure which can only be awarded once because it should not be used to artificially sustain a failing business. Hardship Relief may be awarded where the ratepayer is facing temporary financial difficulties and where the community would be significantly disadvantaged if the business were to close. The maximum award period is 12 months.

Applications for Hardship Relief must be accompanied by a full set of audited accounts relating to the two years preceding the date of application. Where audited accounts are not available for the current financial year, projected figures certified as being a ‘true and fair view’ by the company secretary or company accountants may be used. It is recommended that applicants submit audited accounts dating back further than two years, if such information is available.

For a consistent approach on the amount of Discretionary Rate Relief awarded the Council will assess all applications by using the scoring matrix as shown in Appendix 1

Due to the nature of this relief Mid Devon will not apply the £80,000 (RV) restriction. When reviewing the application all current case law will be taken into account when assessing any award.

## **7. Section 44a Relief (partly occupied properties)**

The Council has discretion under section 44a of the Local Government Finance Act to award Rate Relief where part of a property is unoccupied for a temporary period. The definition of 'temporary period' is not prescribed within the law and therefore Mid Devon has the discretion to decide the period of Relief to be awarded. The amount of Rate Relief that is awarded is determined by statute and is calculated by reference to the Rateable Value attributed to the unoccupied area by the Valuation Office Agency, part of Her Majesty's Revenue and Customs (HMRC).

Applications will only be considered in respect of unoccupied parts of a property and must be made within the year that the reduction was required. Clearly defined areas that are reasonably segregated from the occupied part of the property must be evidenced.

No award shall be made where it appears to the Council that the reason that part of the property is unoccupied is wholly or mainly for the purposes of applying for Rate Relief.

Rate Relief under this section will not be awarded in respect of partly occupied property where the partial occupation of the property may arise due to the ordinary day to day nature of the business (for example the operation of a warehouse).

Where a backdated application is received, the customer will be required to produce evidence to prove the area was unoccupied for the period the relief relates to. Acceptance of such evidence is at the discretion of Mid Devon. A reason as to why the application wasn't made at the time of need must also be given.

The period of Relief will not exceed either 3 or 6 months depending on the type of property the claim has been made for, in line with the current legislation and guidance for part-occupied properties. Relief will be awarded on a 'case by case' basis; this may result in a period being longer than 3 or 6 months on a case by case basis.

## **8. Temporary Measures (Fully Funded by Central Government)**

### **Supporting Small Businesses**

At the Spring Budget, the Chancellor announced that a scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of Small Business or Rural Rate Relief.

The transitional relief scheme does not provide support in respect of changes in reliefs. Therefore, those ratepayers who are losing some or all of their Small Business or Rural Rate Relief may be facing very large percentage increases in bills from 1 April 2017

To support these ratepayers, the Supporting Small Businesses Relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- a. a percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation. Unlike the transitional relief scheme, for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief , or
- b. a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief are brought into paying something.

Those on the Supporting Small Businesses relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement to fund Small Business Rate Relief while they are eligible for the Supporting Small Businesses Relief scheme.

Ratepayers remain in the Supporting Small Businesses relief scheme for either 5 years or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the Supporting Small Businesses Relief scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club

## **8.1 Revaluation Relief – Policy Agreed**

In the Budget on 8 March, the Chancellor announced that the Government would make available a discretionary fund of £300 million over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation. Local government is best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need

The DCLG published a consultation on the design of the discretionary relief on 9 March, seeking views on the allocation of the fund, arrangements for compensation for local authorities, and the operation of local schemes. This can be accessed at: <https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>. Mid Devon proposed share of the £300m is as follows:

- 2017/18 - £118k
- 2018/19 - £57k
- 2019/20 - £24k
- 2020/21 - £3k

### **Other Reliefs -**

Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for Supporting Small Businesses Relief. And, for the avoidance of doubt, small business rate relief or rural rate relief should not be applied to further reduce the bill found under Supporting Small Business Relief.

All other discretionary reliefs, including those funded by section 31 grants, should be considered after the application of Supporting Small Businesses Relief. Supporting Small Business Relief will be applied after the TR amount.

## 8.2 Local Newspaper Relief

The Council has the discretion to discount business rate bills by up to £1,500 in 2017/18 2018/19 and 2019/20 for office space occupied by journalists and reporters of local newspapers.

This is a temporary measure to support local newspapers adapting to technological changes within the industry. The relief is only for local newspapers and will be delivered through local authority discretionary powers (under section 47(3) of the Local Government Finance Act.

There is a maximum of one discount for each local newspaper title and premises. The discount is subject to European State Aid de minimis rules. This bars a company from receiving more than €200,000 in State Aid across a rolling three year period.

This relief does not apply to:

- Local council newspapers
- On-line publications
- Local Magazines

See '**backdating**' for applications received outside of the financial year in which the relief was allowed to be paid.

## 8.3 Retail Discount

The Council has discretion to discount business rate bills by one third of the daily chargeable amount in 2019/20 and in 2020/21 for retail premises with a rateable value below £51,000. Retail premises must be occupied and wholly or mainly used to sell goods, services or food and drink to visiting members of the public.

As a guide, qualifying businesses may include: See Appendix 4

These lists are not exhaustive as it is impossible to list the many and varied retail uses that exist. We will consider retail rate relief for businesses that are broadly similar to those above. Retail Rate Relief is discretionary, we may decide not to award it.

### **How much relief will be available?**

Retail Rate Relief for each property in 2019/20 and 2020/21 will be one third, we will assess eligibility and calculate relief on a daily basis. We will award Retail Rate Relief to the net business rates bill after we have applied any other relief.

Ratepayers occupying more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits.

We must be satisfied that awarding discretionary rate relief will not result in a business receiving more than €200,000 of De Minimis aid. This will limit the scope for multi-site retailers to get this retail rate relief for all their shops, especially if their business already gets other forms of State Aid. For more information see:

<https://www.gov.uk/government/publications/state-aid-frequently-asked-questions>



## **Applications and Review Process- Retail Discount**

To enable the relief to be awarded quickly to businesses the Council will invite application by applying the relief and issuing adjustment notices. To retain the relief businesses **must** sign and return the state aide form, or make a declaration by using the online form. Relief will be awarded for the financial years, 2019/20 & 2020/21. Relief will be withdrawn in accordance with regulations should there be a change of circumstances that affect the relief applied.

New applications for Retail Rate Relief should be made via Citizen Access or by email.

An Officer will consider all applications and will make recommendations based on this policy, on whether to grant an award and if so at what rate.

Backdating: Relief can be granted if the application is received by 30 September in the preceding year.

## **9. Local Business Rate Discretionary Discount**

Section 69 of The Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988 and allows the Council to grant locally determined Business Rate Discounts (in addition to the already available Discretionary Rate Reliefs).

The new power recognises that the current business rates scheme is broadly prescribed by central government and its aim is to provide increased flexibility to local authorities to support organisations, recognising the variations in economic conditions across and within local authority boundaries.

Any ratepayer applying for a Local Business Rate Discount who does not meet the criteria for Discretionary Rate Relief under any other part of this policy, must meet all of the following criteria and any award will be based on these factors:

- The ratepayer must not be entitled to Mandatory Rate Relief (Charity or Rural Rate Relief)
- The Rateable Value must be less than £80,000 (RV)
- The ratepayer must not be an organisation that could receive relief as a non-profit making organisation or as Community Amateur Sports Club.
- The ratepayer must occupy the premises – no relief will be granted for unoccupied properties. The premises and the organisation must be of significant benefit to the taxpayers of Mid Devon.
- Provide facilities to certain priority groups such as elderly, disabled, minority or disadvantaged groups, and OR
- Provide significant employment or employment opportunities to residents of Mid Devon
- Provide residents of Mid Devon with such services, opportunities or facilities that cannot be obtained locally or are not provided by another organisation
- The ratepayer must show that the organisation will comply with all legislative requirements and operate in an ethical, sustainable and environmentally friendly manner at all times

Where a ratepayer can demonstrate that all of the above criteria are met, any award must have due regard to:

- the financial status of the applicant when determining the level of relief to be granted, and the impact and best interests of the Council Tax payers of Mid Devon
- It must be noted that the Council will only pay a maximum of **80%** relief, 100% relief will only be considered in the most exceptional circumstances and via the formal appeals process.

Relief will not be given to those organisations where a bar is the main activity. It would be expected that any bar profits would be used to offset any expenses thus negating the reliance on public funds.

### **9.1 Local Discretionary Relief for Young/New Businesses**

There is an expectation that an occupier receiving discretionary relief on their business rates under this criterion would engage and work positively with Mid Devon on helping to support corporate priorities and bring benefits for residents and the local area. Before making the offer of relief, an initial meeting will be arranged between appropriate Council officers (with an economic development and regeneration focus) and the occupier to discuss how both parties can work together going forward to bring value and benefits for local residents

- A new Business in its first year of trading can receive rate relief of **60%** in the first year or pro-rata of relief, **30%** in second year, from year 3 a full charge would be due, unless agreed otherwise.
- The proposal is to treat communal or co-working space in premises Designed for the incubation and growth of young businesses as first year start up space, providing **65%** rates relief on such space.

**Discretionary Relief will only be considered where the Rateable Value (RV) is up to and including £80,000(RV). Applications received where the (RV) is above this will be reviewed on a case by case basis and not immediately refused, although circumstances would need to be considered to be unique before relief is awarded. Relief will be capped at a maximum of 80% the net business rates charge with a £80,000(RV), Mid Devon recognises that one size doesn't fit all.**

### **9.3 Community Library Partnerships or Similar**

Where a Library has been set up as a Charity or Community Interest Company Mid Devon will award Mandatory Relief of 80% and 20% top up, as such no business rates would be payable.

As directed by regulation LGFA 1988 Regulation 47(9) should a Parish Council become a 'trustee' to the Library Mid Devon will award 100% relief.

<https://www.gov.uk/government/collections/community-libraries-good-practice-toolkit>

## 9.4 – Other

Applications could be considered, for example, where the property is used for purposes which are of benefit to the local community but do not fall in any other categories for relief, and it would be in the interests of the Council Tax Payer to make an award, as the Council has to meet a percentage of the cost of 40%. It could also be used to support regeneration projects within Mid Devon to bring empty properties back into use by way of 'staged occupation'

Mid Devon Council recognises that the Government want to help "child care providers" – Applications are welcome awards will be calculated in-line with local policy.

## 10. Period of Relief

Where an application is successful, the following will be notified in writing:

- The amount of relief granted and the date from which it has been granted;
- If relief has been granted for a specified period, the date on which it will end;
- The new chargeable amount;
- The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
- All change in circumstances should be notified to the Authority

- ***Please note the "state aid" declaration must be signed and returned. Failure to do so will mean the loss of discretionary relief.***

## 11. Backdating

Section 47 (7) of the Local Government Finance Act 1988 stipulates that a decision to grant relief for a specific day is invalid if it is made more than 6 months after the end of the financial year in which the day falls. This means that:

- Applications decided before 1 October can be backdated to the start of liability or 1 April of the previous financial year (whichever is the most recent)
- Applications decided after 30 September can only be backdated to the start of liability or 1 April of the current financial year (whichever is the most recent).

## 12. Interaction of Relief Rules

S43 (8B) LGFA 1988 says that where the ratepayer qualifies for both charitable and small business rates relief then the chargeable amount is calculated using the formula for charitable relief not small business rates relief

Certain properties may be eligible for other types of relief. Under section 61(4) of the Local Government Act 2003:-

- If a property is eligible for charitable relief and small business rates relief, it shall receive charitable relief;
- If a property is eligible for rural rate relief and small business rates relief, it shall receive rural rate relief;
- If a property is eligible for all three reliefs it shall receive charitable relief

### **13. Organisations Receiving Funding from Mid Devon**

Funding includes grants, contracts (including funding from joint commissioning arrangements between the Council and other public agencies) and discounted rent under a community building model lease.

The Council will use its discretion on a case by case basis to offer up to 80% relief to organisations receiving funding from the Council.

The case by case assessment for offering 80% relief to organisations that are funded by the Council will be based on the following information that will be requested on the application form, the Council reserves the right not to award any further relief if it feels the funding already received is sufficient.

1. Their funding arrangement with Mid Devon, including the date when the funding arrangement will come to an end, plus amount received.
2. To outline how the additional discretionary relief applied for would directly support and be reinvested in the activities or initiative that Mid Devon is funding the organisation to undertake
3. The social value for local residents and taxpayers

**Discretionary Relief will only be considered where the Rateable Value (RV) is up to and including £80,000(RV). Applications received where the (RV) is above this will be reviewed on a case by case basis and not immediately refused, although circumstances would need to be considered to be unique before relief is awarded. Relief will be capped at a maximum of 80% the net business rates charge with a £80,000(RV), Mid Devon recognises that one size doesn't fit all.**

### **14. Applications**

Applications must be made via Citizen Access (enter website address link) – or by email, supporting information must be uploaded or attached to the email.

### **15. State Aid**

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However the Supporting Small Businesses relief scheme will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)7.

The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a rolling three year period (consisting of the current financial year and the two previous financial years)

To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations

**The Council will issue a declaration form with all awards of discretionary relief, failure to return will result in relief being removed.**

#### **15.1 State Aid & Brexit** (this could be to governmental change)

<https://www.gov.uk/government/publications/state-aid-if-theres-no-brexite-deal/state-aid-if-theres-no-brexite-deal>

### **16. Approvals**

Any Officer or Councillor involved in the decision-making process for Discretionary Rate Relief or Hardship Relief must declare if they have an interest in or an association with any ratepayer applying.

Upon receipt of the application the initial assessment to award or refuse Discretionary Rate Relief will be made by an "officer" their recommendations must be agreed by an 'approved Manager or the s151 / deputy. Relief awarded under **9.1** can only be approved by the s151 or Deputy s151.

Applicants will be notified in writing of all decisions. A revised Business Rates bill will be issued with a letter informing them of how much relief has been awarded and the dates the relief will be awarded between.

The applicant will be required to apply for further relief when the current period of relief expires; there will be no 'reviews'

**Approvals will not be required for reliefs given under 'temporary measures' the Revenues Manager or another approved officer such as s151 or deputy will have the delegated authority to award relief as per local policy and the legal process.**

### **17. Appeals**

There is no statutory right of appeal against a decision made by the Council in respect of Discretionary Rate Relief. However, a nominated officer in consultation with the Portfolio Holder will review the case where it is believed that the policy has not been applied correctly.

The applicant will be allowed to submit in writing additional or new information/evidence to support the application.

If an unsuccessful applicant requests an appeal, they will still need to continue to pay their business rates. Once the appeal has been heard, the ratepayer will be informed, in writing, of the decision.

Although the amount of relief is restricted to a maximum of **10%** 'top up' if receiving 80% Mandatory Relief and **80%** for Discretionary awards (non-funded), in very exceptional circumstances, **100%** Discretionary Rate Relief may be awarded. This would be assessed on a case by case basis.

**Every appeal for Discretionary Rate Relief must be supported by their ward Councillor via letter or email as part of the appeal process. This must be sent for the attention of the Revenues Manager or the officer taking ownership of the case.**

The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a Judicial Review.

### **18. Policy Review / Amendments**

- The Council reserves the right to review the policy at any time.

### **19. Communications**

The Council will publicise Discretionary Rate Reliefs available on its Website

### **20. Fraud**

The Council is committed to reducing fraud in all its forms. An organisation which tries to fraudulently apply for discretionary rate relief by falsely declaring their circumstances, or providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where we suspect that such a fraud may have occurred, the matter will be investigated in line with the Council's Anti-Fraud Strategy. This may lead to criminal proceedings being instigated.

### **21 . Future Changes (these may change)**

- **Public Toilets – The Government have advised that they intend to allow “100% Mandatory Relief on “stand alone” public toilets- The date of this legal change has not yet been advised. The relief could apply to public and privately owned toilets. Further details still required**
- **Rural Rate Relief – The Government intend to change the law allowing 100% relief to be award. Currently Billing Authorities are allowed to pay the 50% top up using their discretionary relief powers under s47. The Government will be required to confirm the ‘continuance’ of this change if Primary Legislation remains unchanged for 2020/21**
- **Governmental budget changes brought in from Autumn / Spring Statements**

- **Queens Speech December 2019**
  - **Retail Relief to increase from 33% to 50% from 01/04/20 – formal confirmation still required and whether the increase will be covered by s31 grant**
  - **Public House Relief – Further details required (Government may use previous scheme where RV was below £100,000, Pubs could get relief of up to £1,000**
  - **Local Newspaper Relief, £1,500 relief for a single title paper**

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## CABINET

13 February 2020

### FINANCIAL UPDATE FOR THE NINE MONTHS TO 31 DEC 2019

**Cabinet Member** Cllr Alex White

**Responsible Officer** Andrew Jarrett – Deputy Chief Executive (S151)

**Reason for Report:** To present a financial update in respect of the income and expenditure so far in the year.

#### RECOMMENDATION(S):

1. The Cabinet note the financial monitoring information for the income and expenditure for the nine months to 31 December 2019 and the projected outturn position.

**Relationship to the Corporate Plan:** The financial resources of the Council impact directly on its ability to deliver the Corporate Plan; prioritising the use of available resources brought forward and any future spending will be closely linked to key Council pledges from the updated Corporate Plan.

**Financial Implications:** Good financial management and administration underpins the entire document.

**Legal Implications:** None.

**Risk Assessment:** Regular financial monitoring information mitigates the risk of unforeseen over or underspends at year end and allows the Council to direct its resources to key corporate priorities.

**Equality Impact Assessment:** It is considered that the impact of this report on equality related issues will be nil.

**Impact on Climate Change:** There are no direct impacts from the content of this report.

#### 1.0 Introduction

- 1.1 The purpose of this report is to highlight to Cabinet our current financial status and the likely reserve balances at 31 March 2020. It embraces both revenue, in respect of the General Fund; the Housing Revenue Account (HRA), and Capital and aims to focus attention on those areas which are unlikely to achieve budget. It is particularly important for next year's budget setting and, looking further ahead, for the medium term financial plan.
- 1.2 Favourable variances generating either increased income or cost savings are expressed as credits (negative numbers), whilst unfavourable overspends or incomes below budget are debits (positive numbers).

## 2.0 Executive Summary of 2019/20

- 2.1 The table below shows the opening position of key operational balances of the Council, the forecast in year movements and final predicted position at 31 March 2020:

Usable Reserves	31/03/2019	Forecast in year movement	31/03/2020
	£k	£k	£k
<b>Revenue</b>			
General Fund (see paragraph 3.2)	(2,501)	270	(2,231)
Housing Revenue Account (see paragraph 4.2)	(2,000)	0	(2,000)
<b>Capital</b>			
Capital Receipts Reserve	(3,620)	(1,047)	(4,667)
Revenue Contribution to Capital Earmarked Reserve	(415)	235	(180)

## 3.0 The General Fund Reserve

- 3.1 This is the major revenue reserve of the Council. It is increased or decreased by the surplus or deficit generated on the General Fund in the year. This reserve held a balance of £2.501m as at 31/03/19.
- 3.2 The forecast General fund **deficit** for the current year is £270k after transfers to and from Earmarked Reserves as shown at Appendix A.

The **most significant variances** comprise:

	£k
Waste Services – Shared savings scheme and vacancies	(151)
Trade Waste and recycling - Increase in customers and reduced discounts etc.	(64)
New vehicle contract – Funded by EMR (Not an overspend on the contract)	67
Public Health – Air Quality S106 (covered by EMR) and legal costs	92
Planning – Downturn in Planning income less salary savings	154
Garden Village project – funded by EMR	23
Garden Village – Capacity funding	(150)
S106 spend re Public Open Space – funded by EMR	178
Cullompton Master Plan – funded by EMR	56
Local Plan – Funded by EMR	32
Tiverton Town Centre Regen – abortive capital costs	87
Bank charges – Additional charges	10
Cemeteries – Income below anticipated in budget	25
Car Parking – Shortfall Premier Inn; extra security and electricity usage	33
Private Sector Housing – legal costs of prosecution	19

General Fund Housing - Grant funding – to be earmarked	(127)
Property – Loss of income; etc. partly offset by salary savings	61
Customer services – Vacancy and overtime savings	(48)
HR – Review of service needs - restructuring	24
Legal – Various including consultancy budget saving	(53)
Democratic Services – District Elections shortfall	25
Electoral Registration – Increase in IER funding and delayed boundary review	(69)
Member Services – Vacancy saving	(7)
Leisure – Vacant posts, growth in membership etc. offset by utilities overspend and reduction in casual swim	47
Revs and Bens – Various including reduced overpayment recovery and software costs	65
3 Rivers Impairment – Partly offset by a statutory reversal of £757k	883
Statutory Adjustments – Reversal of Capital impairment 3 Rivers	(757)
Statutory Adjustments – Reduction in Minimum Revenue Provision (less borrowing than anticipated)	(50)
Interest income – additional income	(100)
Interest Payable – reduction in charge	(60)
Earmarked Reserves transfers	(120)
Net Business Rates retention – more levy due to growth (benefit in future year)	88

3.3 The major variances are highlighted at Appendix B. The current incomes from our major funding streams are shown at Appendix C, whilst current employee costs are shown at Appendix D.

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

4.1 This is a ring-fenced account in respect of the Council's social housing function. Major variances and proposed corrective action are highlighted at Appendix F.

4.2 It is anticipated that the forecast variance of £668k surplus will increase the budgeted transfer to the Housing Maintenance Fund and so the HRA reserve balance will remain at £2m.

4.3 Overall, the HRA is forecast to underspend by £668k in 2019/20, made up of several deficits and surpluses, the most significant of which comprise the following:

- £70k estimated surplus in Affordable Rents (tenancy)
- £50k forecast increase in revenue from rechargeable works (DLO)
- £50k underspend relating to planned revenue works – Building Services (DLO)
- £150k underspend in relation to staffing within repairs team, Building Services (DLO)
- £100k forecast reduced activity (reduced income) on DFG works – Building Services (DLO)
- £90k underspend relating to staffing within Housing Services (tenancy)
- £230k underspend relating to future HRA Projects

- £125k underspend on an external contract for modernisation works (Capital) which is funded by the MRA
- £60k overspend

## 5.0 Capital Programme

- 5.1 Capital projects, by their very nature, often overlap financial years. The status of this year's capital programme is shown at Appendix G.
- 5.2 The approved Capital Programme amounts to £35.193m (this includes the approved 2019/20 Budget £14.597m, slippage rolled forward from 2018/19 of £12.077m, additional projects detailed in quarter 2 of £4.874m and projects approved since Q2 amounting to £3.645m). These additional projects are as follows:

(£0.266m)	Adjustment to 3 Rivers Loan – Orchard House
£3.714m	3 Rivers Loan – Knowle Lane
£0.197m	RTB Buyback

**£3.645m      Total**

- 5.3 The revenue monitoring report reflects the fact that the 3 Rivers project, Rear of Town Hall development (Riverside) is likely to overspend by c£757k (£519k excluding contingency provision). We have therefore impaired this loan by an equal amount. As this is a capital loan it is reversed in the revenue account but it will have an impact in 2020/21 when it will trigger Minimum Revenue Provision (MRP) payments over 3 years of £252k per annum. This is an increase of £127k per annum from the September forecast.
- 5.4 We also have a "working capital loan" with 3 Rivers which is currently at risk (£504k). This was due to be repaid over 5 years but as there is doubt over the ability of the company to repay this in this timescale, it is prudent to impair it over the remaining life of the loan, 4 years at £126k per annum. This is a real cost to the revenue account. Both the £757k and the £126k are shown against Corporate Management.
- 5.5 As stated in 5.1, some of these projects will overlap financial years. Managers have therefore given their best estimate of what is 'deliverable' for 19/20; this amounts to £15.701m (£11.782m in Quarter 2). Therefore, committed and actual expenditure will be monitored against this revised 'deliverable' budget for the remainder of the year.
- 5.6 The deliverable budget has been established following meetings with managers to determine a realistic forecast of spend based on known information at this point in the year. This will continue to be revisited for material changes.
- 5.7 Committed and Actual expenditure is currently £13.374m against a 'deliverable' Capital Programme of £15.701m leaving a variance of £2.327m uncommitted at this point in time.

- 5.8 Additional work has been undertaken to establish forecast slippage and potential underspends against the approved Capital Programme and are also detailed on Appendix G.
- 5.9 Forecast slippage amounts to £7.078m, which mainly relates to: £0.638m in relation to the 3 Rivers Project at the rear of the Town Hall which is forecast to be completed in 21/22, £0.236m for the 3 Rivers Project at Orchard House that will be completed in 20/21, £0.600m in relation to Land Acquisition for operational needs, £2.1m related to the GP Practice NHS Hub and £1.450m in relation to Council House building at Round Hill, Tiverton. For further detail, please refer to Appendix G.
- 5.10 A comprehensive review of projects has also been undertaken to either remove them from the 19/20 Programme where no longer required or re-profile into the 20/21 to 23/24 MTFP that will also be presented at 13<sup>th</sup> February 2020 Cabinet. The forecast net underspend amounts to £13.521m, this mainly relates to: £3.953m for the District Wide Redevelopment Project, £2.0m for Waddeton Park, (this is now included in future years in the Capital MTFP presented at the October Cabinet), £2.1m to enable Social Housing projects and two Council House Building Projects at £2.0m each which have been further quantified in the forward MTFP. In addition to these £1.2m for the Tiverton Redevelopment Project which has now been aborted & forecast 'sunk' costs of £87k will be coded to Revenue. Again, for further detail please refer to Appendix G.

## 6.0 Revenue Contribution to Capital EMR

- 6.1 The Capital Earmarked Reserve has been set aside from Revenue to fund Capital Projects; the movement on this reserve is projected below:

	£k
Capital Earmarked Reserve at 1 April 2019	(415)
Funding required to support 2019/20 Capital Programme	235
<b>Forecast uncommitted Balance at 31 March 2020</b>	<b>(180)</b>

## 7.0 Capital Receipts Reserve (Used to fund future capital programmes)

- 7.1 Unapplied useable capital receipts are used to part fund the capital programme, the movement on this account for the year to date is given below:

	£k
Unapplied Useable Capital Receipts at 1 April 2019	(3,620)
Net Receipts to Q3 (includes 23 "Right to Buy" Council House sales)	(1,617)
<b>Current Balance</b>	<b>(5,237)</b>

(This includes £1.710m of ring fenced 1:4:1 receipts and £3.527m of general Capital Receipts)

Forecast further capital receipts in year (100)

Forecast capital receipts required to support 2019/20 Capital Programme 670

Forecast Unapplied Capital Receipts 31 March 2020 (4,667)

7.2 The ring fenced “1:4:1 receipts” need to be spent within 3 years of receipt; otherwise they need to be returned to MHCLG with interest. These can be used to fund up to 30% of new social housing developments or repurchased right to buy properties.

7.3 The forecast reserve balance for the Revenue Contribution to Capital Reserve and the Capital Receipts Reserve includes the associated funding of the 19/20 Capital Programme, as these monies are committed. In reality, much of this will slip to 20/21. It is also important to note that these balances need to be almost fully utilised in order to balance the Capital Medium Term Financial Strategy.

## 8.0 Treasury Management

8.1 The interest position so far this financial year can be summarised as follows:

### Interest Receivable:

	Budget £k	Forecast outturn £k	Forecast variance £k
Investment Income Received	(443)	(543)	(100)
Interest from HRA funding	(49)	(49)	0
<b>Total Interest Receivable</b>	<b>(492)</b>	<b>(592)</b>	<b>(100)</b>

8.2 There is an interest payable saving (£60k) due to the fact we have not taken out external borrowing (PWLb), as expenditure has been lower than anticipated and we have funded initially from internal resources.

## 9.0 Conclusion

9.1 Members are asked to note the revenue and capital forecasts for the financial year. Managers are working hard to offset overspends, some of which are unavoidable, with budget savings to deliver an outturn close to the budget. Members will be aware that management action has improved the position from Quarter 1 which was showing a projected overspend of £427k.

9.2 The work undertaken to produce this monitoring information to 31 Dec 2020 will be used to inform the 2020/21 Budget setting process where required.

**Contact for more  
information:**

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**Circulation of the Report:**

Cllr Alex White, Leadership Team

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## GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 31 DECEMBER 2019

		2019/2020 Annual Budget	Full Year Forecast	Actuals	Full Year Variance (0 = On budget)	Variance
General Fund Summary	Note	£		£	£	%
<b>Cllr Bob Deed</b>						
Corporate Management	A	1,696,520	2,589,520	1,200,436	893,000	52.6%
<b>Cllr Luke Taylor</b>						
Grounds Maintenance	E	596,740	588,740	399,731	(8,000)	-1.3%
Cemeteries & Bereavement Services	D	(86,540)	(61,540)	(24,368)	25,000	-28.9%
Waste Services	H	1,743,650	1,596,477	961,678	147,173	-8.4%
<b>Cllr Dennis Knowles</b>						
Community Development	I	108,875	103,055	103,595	(5,820)	-5.3%
Environmental Services incl. Licensing	D	770,010	878,753	611,662	108,743	14.1%
IT Services	Q	972,610	974,024	763,150	1,414	0.1%
Land charges	N	(20,530)	(30,530)	(26,620)	(10,000)	48.7%
Open Spaces	F	91,800	123,356	111,076	31,556	34.4%
Recreation And Sport	J	740,302	786,988	543,619	46,686	6.3%
<b>Cllr Alex White</b>						
Finance And Performance	K	707,320	707,320	527,947	0	0.0%
Revenues And Benefits	L	430,400	495,477	797,874	65,077	15.1%
Car Parks	C	(535,210)	(502,210)	(366,732)	33,000	6.2%
<b>Cllr Simon Clist</b>						
Private Sector Housing	D	(6,070)	12,820	24,042	18,890	-311.2%
General Fund Housing	M	212,630	85,650	(132,206)	126,980	-59.7%
Property Services	G	884,060	944,660	653,159	60,600	6.9%
<b>Cllr Graeme Barnell</b>						
Community Development: Markets	I	50,180	65,180	27,186	15,000	29.9%
Planning And Regeneration	N	1,347,195	1,730,008	1,053,414	382,813	28.4%
<b>Cllr Mrs Nikki Woollett</b>						
Customer Services	O	778,871	730,771	564,391	(48,100)	-6.2%
Human Resources	P	465,090	489,090	352,456	24,000	5.2%
Legal & Democratic Services	B	1,136,206	1,027,636	970,528	(108,570)	-9.6%
Public Health	D	(4,890)	(4,890)	(5,248)	0	0.0%
<b>All General Fund Services</b>		<b>12,079,219</b>	<b>13,330,355</b>	<b>9,110,769</b>	<b>1,251,136</b>	<b>10.4%</b>
Net recharge to HRA		(1,534,110)	(1,534,110)	6,000	0	
Statutory Adjustments (Capital charges)		333,280	(473,720)	0	(807,000)	
<b>Net Cost of Services</b>		<b>10,878,389</b>	<b>11,322,525</b>	<b>9,116,769</b>	<b>244,136</b>	<b>4.1%</b>
Finance Lease Interest Payable		44,420	44,420	0	0	
Interest from Funding provided for HRA		(49,000)	(49,000)	0	0	
Interest Receivable Payable on Other Activities		167,580	107,580	51,358	(60,000)	
Interest Receivable on Investments		(442,540)	(542,540)	(299,776)	(100,000)	
Transfers into Earmarked Reserves	APP B	2,267,363	2,606,605	2,316,625	339,242	
Transfers from Earmarked Reserves	APP B	(2,099,631)	(2,545,212)	(2,480,496)	(445,581)	
Contribution from New Homes Bonus Reserve	APP B	(587,850)	(601,110)	(587,850)	(13,260)	
<b>Total Budgeted Expenditure</b>		<b>10,178,731</b>	<b>10,343,268</b>	<b>8,116,630</b>	<b>164,537</b>	<b>1.6%</b>
Revenue Support Grant		0	0	0	0	
Rural Services Delivery Grant		(466,695)	(466,695)	(466,695)	0	
New Homes Bonus Grant		(1,243,503)	(1,243,503)	(932,627)	0	
Retained Business Rates		(3,247,005)	(3,081,675)	(2,089,584)	165,330	
Business Rates Deficit		778,906	778,906	0	0	
Business Rates Benefit from Devon Pool		(100,000)	(177,590)	0	(77,590)	
CTS Funding Parishes		0	0	0	0	
Collection Fund Surplus		(71,330)	(71,330)	(71,331)	0	
Council Tax		(5,829,104)	(5,829,104)	(5,829,104)	0	
<b>Total Budgeted Funding</b>		<b>(10,178,731)</b>	<b>(10,090,991)</b>	<b>(9,389,341)</b>	<b>87,740</b>	<b>-1%</b>
<b>Forecast in year (Surplus) / Deficit</b>		<b>0</b>	<b>252,277</b>	<b>(1,272,712)</b>	<b>252,277</b>	
General Fund Reserve 31/12/2019					(2,483,294)	
<b>Forecast General Fund Balance 31/03/2020</b>					<b>(2,231,017)</b>	

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**GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 31 DECEMBER 2019**

Note	Description of Major Movements	Full year variance (net of transfer to EMR)	PDG
<b>A</b>	<b>Corporate Management</b>		
	Forecast overspend on bank charges	10,000	Cabinet
	3 Rivers - Working capital impairment - IFRS 9 the risk of non-repayment of the loan	126,000	Cabinet
	3 Rivers - Riverside impairment - Relates to the potential overspend on the project leading to non-repayment of loan	757,000	Cabinet
		<b>893,000</b>	
<b>B</b>	<b>Legal &amp; Democratic Services</b>		
	Legal Services-estimated under recovery of S106 income	10,000	Cabinet
	Legal Services-fees and charges income higher than budget	(13,000)	Cabinet
	Legal Services-software budget not required in 19/20	(15,400)	Cabinet
	Legal services consultancy budget not all required in 19/20	(35,000)	Cabinet
	Member Services-estimated savings against the salary budget due to carrying a vacancy for a number of months	(7,000)	Cabinet
	Electoral Registration-increase in IER funding above budget	(16,800)	Cabinet
	District Elections- After utilising earmarked reserves estimate of £25k shortfall in covering election spend	25,000	Cabinet
	Electoral Registration-saving against the salary budget due to vacancy	(5,000)	Cabinet
	Parish Elections- Recharging more of the costs to parishes than previously forecast	(7,500)	Cabinet
	Democratic Rep-savings on internet access payments and Members registration	(3,870)	Cabinet
	Electoral Registration- Budget for boundary review no longer required	(30,000)	Cabinet
	Electoral Registration- Underspend on Computer Software	(5,000)	Cabinet
	Electoral Registration- Sale of Electoral Register not budgeted for	(5,000)	Cabinet
		<b>(108,570)</b>	
<b>C</b>	<b>Car Parks</b>		
	P&D Income shortfall forecast in MSCP of £24k due to ongoing Premier Inn works, forecasting increased income in some of our P&D car parks of £5k.	19,000	Economy
	MSCP - Increased Security patrols to protect users and property from anti-social behaviour, has resulted in a budget overspend.	6,000	Economy
	Increased Electricity usage due to 24 hour opening of the MSCP and increased usage from contractors.	8,000	Economy
		<b>33,000</b>	
<b>D</b>	<b>Public Health combined</b>		
	Net of S106 Air Quality expenditure & income, covered by transfers from EMRs	91,843	Environment
	One off unavoidable Employment costs in Public Health	4,900	Community
	Licensing - Salary overspend due to JE regrades. We will be able to adjust fees going forward and hope to recover some of this overspend this year.	7,000	Community
	External Legal costs associated with major Housing prosecution, some costs awarded by the Courts but remain outstanding.	18,890	Homes
	Cemetery Income below profile for 3rd Qtr, will review month by month.	20,000	Environment
	Reduced income on Regulatory Services	5,000	Environment
	Licensing income - unpredictability on licence numbers under the new Animal Licensing regulations.	5,000	Environment
		<b>152,633</b>	
<b>E</b>	<b>Grounds Maintenance</b>		
	Salary savings - vacant Team Leader post not recruited to whilst service structure is being reviewed	(25,000)	Environment
	New vehicle contract - funded from vehicle earmarked reserve in year	17,000	Environment
		<b>(8,000)</b>	
<b>F</b>	<b>Open Spaces</b>		
	S106 Expenditure funded by transfer from an EMR	31,556	Environment
		<b>31,556</b>	
<b>G</b>	<b>Property Services</b>		
	New vehicle contract - funded from earmarked reserve in year (Not an overspend on the contract)	8,000	Environment
	Public Conveniences Utility charges are lower than budgeted due to reduction in the number of PC's and more accurate billing from	(12,000)	Environment
	Historic Business Rates reduction applied to Phoenix House due to office mergers have resulted in a rates underspend.	(43,000)	Environment
	Un-budgeted costs for the upgrade of communication equipment in the Exe Room, off-set against underspend on Rates	14,000	Environment
	Security costs higher than budget for Phoenix House	6,600	Environment
	Salary savings within Property Services due to vacant posts (partially off-set by Agency costs)	(70,000)	Environment
	Agency overspend covering vacant posts within Property Services	25,000	Environment
	Loss of income from Fore Street Flats and rates from vacant shop unit	23,890	Economy
	Loss of rental income and increased costs from rates and service charges due to vacant units within Market Walk	38,500	Economy
	Rate revaluation on Carlu Close has seen an unbudgeted increase in costs that has been backdated to 2017	56,350	Environment
	Maintenance overspend due to Capital project for air conditioning units being under £20k (funded from NHB)	13,260	Environment
		<b>60,600</b>	
<b>H</b>	<b>Waste Services</b>		
	Vacant posts part offset by agency	(38,000)	Environment
	Additional overtime in Recycling due to operational issues	16,000	Environment
	Waste - Shared Saving Scheme increase from budget. 2018-19 additional £79k and estimating an additional £50k for 2019-20	(129,000)	Environment
	S106 income, transferred to an EMR	827	Environment
	Trade Waste - Increase in customer base and reduced discounts - leading to increased income	(89,000)	Environment
	Trade Waste - Purchase of additional bins	20,000	Environment
	Trade Waste - Disposal costs up due to an increase in customer base	17,000	Environment
	Garden waste, permit sales down against budget. Numbers may pick up before year end.	8,000	Environment
	Recycling containers	5,000	Environment
	Recycling materials, paper tonnage and price is down	16,000	Environment
	Recycling materials, mixed plastics tonnage and price is up against budget	(83,000)	Environment
	Recycling materials, price for cardboard and glass is down	42,000	Environment
	New vehicle contract - funded from the vehicle earmarked reserve in year (Not an overspend on the contract)	67,000	Environment
		<b>(147,173)</b>	
<b>I</b>	<b>Community Development</b>		
	Community Development grant funding	(5,820)	Community
	Salaries - job evaluation and additional cover over the busy Christmas period	15,000	Economy

9,180		
<b>J Recreation And Sport</b>		
Salaries - vacant posts.	(61,250)	Community
Dryside - loss of income due to local competition offering similar facilities at lower cost, termination of contract with a 3rd party and recruitment issues re qualified staff.	36,000	Community
Over achieving membership targets for fitness.	(40,000)	Community
Vouchers cashed in against fitness and wetside income.	8,000	Community
Wetside - reduction in casual swim as per the national trend within the industry	20,000	Community
Feasibility Study	18,936	Community
Utilities overspend due to Energy provider invoicing now is more accurate	84,000	Community
Underspend on Car Mileage, Stationery, Advertising & Vending Supplies	(19,000)	Community
46,686		
<b>K Finance And Performance</b>		
0		
<b>L Revenues And Benefits</b>		
Housing Benefit Subsidy & Overpayment recovery	120,000	Cabinet
Estimated income from Single Occupancy Discount penalties (not budgeted)	(17,000)	Cabinet
Additional Forecast C/Tax Annexe Grant	(7,738)	Cabinet
Revenues and Benefits forecast salary savings; in the main due to vacant posts in HB in part offset by additional overtime & temporary increases for supervisors acting up	(11,100)	Cabinet
Software costs associated with Citizens Access	33,950	Cabinet
Software costs associated with new CTR scheme	11,000	Cabinet
Various New Burdens grants from DWP in respect of Housing Benefits initiatives delivered within existing resource	(49,160)	Cabinet
Adjustment to CTB entitlement (re pre 01/04/13 CTB old scheme) not required to be repaid to DCLG & additional CTB admin grant than budgeted	(5,650)	Cabinet
Additional New Burdens NNDR Grant for the administration of Retail Rate Relief delivered within existing resource	(9,225)	Cabinet
65,077		
<b>M General Fund Housing</b>		
Community Alarms: estimated surplus due to underspend on service overheads	(10,000)	Homes
GF Housing: grant funding received will be earmarked towards future service sustainability	(126,980)	Homes
GF Housing: Discretionary Rent Allowance lower than forecast	10,000	Homes
(126,980)		
<b>N Planning And Regeneration</b>		
Net of S106 Public Open Space expenditure & income, covered by transfers from EMRs	177,963	Community
Garden Village project consultancy spend funded by transfer from EMR	23,000	Community
Garden Village Capacity Funding for 2019-20	(150,000)	Community
Salary savings due to not recruiting for the secondment of the graphics technician, a delay in recruitment of the monitoring information officer and maternity savings	(21,000)	Community
Statutory Plan - saving on budgeted GESP contribution	(5,000)	Cabinet
Statutory Plan - Local Plan costs funded by transfer from EMR	32,000	Cabinet
Development Management - planning income. Consistently over the last 12 mths there has been a downturn in fees, this has been driven by external circumstances affecting the submission of larger fee earning applications. Officers are working with developers to try and bring forth applications via the pre application process. Most recently the forecast shortfall has in part been offset through a major fee bearing application	175,000	Community
Development Management - supplies & services. Main contributor being required advertising.	22,000	Community
Cullompton Town Centre Masterplan, funded by transfer from EMR	56,000	Economy
Business Development Grant funding	(3,500)	Economy
Income from Section 97 work	(10,650)	Community
Land charges Devon County Council searches - Listed separately	(10,000)	Cabinet
Tiverton Town Centre Regeneration - aborted capital project costs, also see underspend on Capital Programme	87,000	Economy
372,813		
<b>O Customer Services</b>		
External Contractors budget not required this year	(4,000)	Community
Overtime budget not required	(8,100)	Community
Vacancy Savings	(36,000)	Community
(48,100)		
<b>P Human Resources</b>		
Realignment of basic establishment prior to review of service needs	24,000	Cabinet
24,000		
<b>Q I.T. Services</b>		
Digital services cloud software licence - expenditure covered by salary savings in the CS codes	7,500	Cabinet
Software Training	8,614	Cabinet
Idox support fees more than budgeted. Migration work to new hardware required as operating system reaching end of life	11,800	Cabinet
Central Government have delayed moving towards utilising the public internet for submission of statutory returns - meaning the Council has to pay for a private sector network connection to submit its returns	9,600	Cabinet
Vacant posts	(8,300)	Cabinet
Client access licence. This is a perpetual licence. Indicative prices used for budget setting included a licence for per user and device, only a user licence is required to deliver applications.	(27,800)	Cabinet
1,414		
FORECAST (SURPLUS)/DEFICIT AS AT 31/03/2020		
1,251,136		

Cabinet	891,921
Community	220,979
Homes	(108,090)
Environment	(3,563)
Economy	249,890
	1,251,136

**GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 31 DECEMBER 2019**

Fees and Charges	2019/20	2019/20	2019/20	2019/20	Full Year	Variance
	Annual Budget	Profiled Budget	Actual	Variance	Forecast Variation	
	£	£	£	£	£	%
Building Control Fees	(240,000)	(180,000)	(210,422)	(30,422)	0	0%
Planning Fees	(946,500)	(709,875)	(636,133)	73,742	175,000	-18%
Land Search Fees	(120,000)	(90,000)	(89,367)	633	0	0%
Car Parking Fees - See Below	(733,290)	(571,482)	(563,769)	7,713	19,000	-3%
Leisure Fees & Charges	(2,881,030)	(2,133,914)	(2,052,374)	81,539	31,500	-1%
Trade Waste Income	(699,000)	(696,903)	(784,473)	(87,570)	(89,000)	13%
Garden Waste	(482,100)	(412,180)	(408,514)	3,666	8,000	-2%
Licensing	(145,190)	(116,402)	(113,144)	3,258	5,000	-3%
Market Income	(83,350)	(64,707)	(64,720)	(13)	0	0%
	<b>(6,330,460)</b>	<b>(4,975,463)</b>	<b>(4,922,917)</b>	<b>52,547</b>	<b>149,500</b>	<b>-2.4%</b>

Car Parking Fees					Bud Income	
					Spaces	pa per space
Beck Square, Tiverton	(79,500)	(62,233)	(61,050)	1,183	40	(1,988)
William Street, Tiverton	(26,280)	(20,078)	(19,167)	911	45	(584)
Westex South, Tiverton	(49,000)	(37,367)	(38,142)	(775)	51	(961)
Wellbrook Street, Tiverton	(14,000)	(10,275)	(11,396)	(1,121)	27	(519)
Market Street, Crediton	(37,500)	(30,026)	(27,152)	2,874	39	(962)
High Street, Crediton	(75,000)	(57,555)	(62,826)	(5,271)	190	(395)
Station Road, Cullompton	(33,500)	(26,689)	(30,394)	(3,705)	112	(299)
Multistorey, Tiverton	(126,980)	(97,952)	(80,263)	17,689	631	(201)
Market Car Park, Tiverton	(210,000)	(160,218)	(160,879)	(661)	122	(1,721)
Phoenix House, Tiverton	(5,500)	(4,327)	(3,979)	348	15	(367)
P&D Shorts & Overs	0	0	543	543	0	0
<b>Total Pay and Display</b>	<b>(657,260)</b>	<b>(506,720)</b>	<b>(494,704)</b>	<b>12,016</b>	<b>1,272</b>	<b>(7,995)</b>
Day Permits	(16,000)	(12,827)	(13,553)	(726)		
Allocated Space Permits	(41,500)	(36,022)	(36,022)	0		
Overnight Permits	(200)	(130)	(773)	(643)		
Day & Night Permits	(10,700)	(8,660)	(7,087)	1,573		
Other Income	(7,630)	(7,123)	(11,630)	(4,508)		
<b>Total Permits</b>	<b>(76,030)</b>	<b>(64,762)</b>	<b>(69,065)</b>	<b>(4,303)</b>		
<b>Total Car Parking</b>	<b>(733,290)</b>	<b>(571,482)</b>	<b>(563,769)</b>	<b>7,713</b>		
<b>Standard Charge Notices (Off Street)</b>	<b>(48,000)</b>	<b>(36,000)</b>	<b>(32,472)</b>	<b>3,529</b>	<b>0</b>	<b>0%</b>

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**GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 31 DECEMBER 2019**

<b>Employee Costs</b>	<b>2019/20 Annual Budget £</b>	<b>2019/20 Profiled Budget £</b>	<b>2019/20 Actual £</b>	<b>2019/20 Variance £</b>
<b>General Fund</b>				
Community Development	49,220	36,915	43,999	7,084
Corporate Management	1,457,520	1,093,140	1,082,237	(10,903)
Customer Services	688,440	516,330	469,965	(46,365)
Environmental Services	864,660	648,495	665,761	17,266
Finance And Performance	548,850	411,638	394,685	(16,953)
General Fund Housing	272,190	204,143	189,321	(14,822)
Grounds Maintenance	490,260	367,695	319,048	(48,647)
Human Resources	374,760	281,070	289,983	8,913
I.T. Services	548,920	411,690	405,452	(6,238)
Legal & Democratic Services	482,960	362,220	363,899	1,679
Planning And Regeneration	1,799,200	1,349,400	1,254,489	(94,911)
Property Services	628,270	471,203	449,812	(21,391)
Recreation And Sport	2,017,338	1,513,004	1,449,200	(63,804)
Revenues And Benefits	727,810	545,858	528,737	(17,121)
Waste Services	2,509,789	1,882,342	1,671,759	(210,583)
<b>Total General Fund</b>	<b>13,460,187</b>	<b>10,095,143</b>	<b>9,578,346</b>	<b>(516,797)</b>
<b>Housing Revenue Account</b>				
BHO09 Repairs And Maintenance	852,900	639,675	577,930	(61,745)
BHO10 Supervision & Management	1,508,730	1,131,548	1,049,085	(82,463)
BHO11 Special Services	0	0	0	0
<b>Total Housing Revenue Account</b>	<b>2,361,630</b>	<b>1,771,223</b>	<b>1,627,015</b>	<b>(144,208)</b>
<b>Total Employee Costs</b>	<b>15,821,817</b>	<b>11,866,366</b>	<b>11,205,361</b>	<b>(661,005)</b>

<b>Agency Staff (within Employee costs)</b>	<b>2019/20 Annual Budget £</b>	<b>2019/20 Profiled Budget £</b>	<b>2019/20 Actual £</b>	<b>2019/20 Variance £</b>
<b>General Fund</b>				
Car Parks	0	0	0	0
Community Development	0	0	0	0
Corporate Management	0	0	0	0
Customer Services	0	0	0	0
Environmental Services	0	0	0	0
Finance And Performance	0	0	0	0
General Fund Housing	0	0	0	0
Grounds Maintenance	25,000	18,750	44,796	26,046
Human Resources	0	0	12,462	12,462
I.T. Services	0	0	0	0
Legal & Democratic Services	0	0	0	0
Planning And Regeneration	0	0	23,110	23,110
Property Services	0	0	20,142	20,142
Recreation And Sport	0	0	0	0
Revenues And Benefits	0	0	3,788	3,788
Waste Services	121,641	91,231	244,537	153,306
<b>Total General Fund</b>	<b>146,641</b>	<b>109,981</b>	<b>348,834</b>	<b>238,853</b>
<b>Housing Revenue Account</b>				
BHO09 Repairs And Maintenance	0	0	0	0
BHO10 Supervision & Management	0	0	0	0
BHO11 Special Services	0	0	0	0
<b>Total Housing Revenue Account</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Agency Costs</b>	<b>146,641</b>	<b>109,981</b>	<b>348,834</b>	<b>238,853</b>

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HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO  
31 DECEMBER 2019

<b>Planned Works extract</b>				
Planned Works - Capital		2,285,000	(125,000)	-5.5%
Planned Works - Revenue		1,325,500	(50,000)	-3.8%

		2019/2020 Annual Budget	Forecast	Variance
Housing Revenue Account (HRA)	Notes	£	£	%
<b>Income</b>				
SHO01 Dwelling Rents Income	A	(11,977,170)	(70,000)	0.6%
SHO04 Non Dwelling Rents Income	B	(564,870)	0	0.0%
SHO06 Tenant Charges For Services	C	0	0	0.0%
SHO07 Leaseholders' Service Charges	D	(21,640)	0	0.0%
SHO08 Contributions Towards Expenditure	E	(27,720)	(50,000)	180.4%
SHO09 Alarm Income - Non Tenants	F	0	0	0.0%
SHO10 H.R.A. Investment Income	G	(83,000)	(3,230)	3.9%
SHO11 Miscellaneous Income	H	(7,350)	0	0.0%
<b>Services</b>				
SHO13A Repairs & Maintenance	I	3,174,000	(100,000)	-3.2%
SHO17A Housing & Tenancy Services	J	1,732,360	(320,000)	-18.5%
<b>Accounting entries 'below the line'</b>				
SHO29 Bad Debt Provision Movement	L	53,000	0	0.0%
SHO30 Share Of Corporate And Democratic	M	199,100	0	0.0%
SHO32 H.R.A. Interest Payable	N	1,178,580		0.0%
SHO34 H.R.A. Transfers between earmarked reserves	O	1,713,350	(60,000)	-3.5%
SHO36 H.R.A. Revenue Contribution to Capital	P	0	0	0.0%
SHO37 Capital Receipts Reserve Adjustment	Q	(26,000)	0	0.0%
SHO38 Major Repairs Allowance	R	2,285,000	(125,000)	-5.5%
SHO45 Renewable Energy Transactions	S	(139,000)	60,000	-43.2%
		(2,511,360)	(668,230)	-26.6%

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# HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 31 DECEMBER 2019

Note	Description of Major Movements	Corrective Action	Forecast
			Variance £
<b>A</b>	Affordable rental income estimated to make a surplus of £70k at year end, this is principally due to the number of properties we collect rent on being more than originally budgeted	N/A	(70,000)
<b>E</b>	Rechargeable works undertaken by Building Services greater than anticipated	N/A	(50,000)
<b>G</b>	Interest received on cash balances higher than anticipated	N/A	(3,230)
<b>I</b>	Planned Revenue works estimated to underspend by £50k across various areas. Salary underspend is principally due to vacant posts, a number of staff on maternity leave and new staff starting on reduced spinal points (estimated circa £150k). Forecast reduced activity on DFG works of circa £100k	N/A	(100,000)
<b>J</b>	There is an underspend (£90k) due to a number of retirements and posts not being filled immediately. In addition, provision for two posts was made in the budget to ensure that there was capacity to mitigate the impact of welfare reform and legislative changes to tenure. These posts remain unfilled and a watching brief is being kept on performance and workloads. Additionally a budget for new projects is forecast to be underspent by £230k, this budget will then be refreshed in 20/21	N/A	(320,000)
<b>O</b>	(see S below) this in effect reduces our year end transfers to reserves	N/A	(60,000)
<b>R</b>	MRA is expected to underspend by an estimated £125k on an external contract for modernisation works	N/A	(125,000)
<b>S</b>	Budget for Renewables will be less than anticipated due to the number of solar panel contract terminations on RTBs	N/A	60,000
		<b>TOTAL</b>	<b>(668,230)</b>

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MID DEVON DISTRICT COUNCIL  
MONITORING OF 2019/20 CAPITAL PROGRAMME

Appendix G

Code	Scheme	Approved Capital Programme 2019/20	Total Slippage B/fwd & Adj to Approved Capital Programme 19/20	Budgeted Capital Programme 2019/20	Total Deliverable Programme 19/20	Actual Expenditure 2019/20	Committed Expenditure 2019/20	Total Actual & Committed Expenditure 2019/20	Variance to Deliverable Capital Programme	Forecast (Underspend)/ Overspend	Forecast Slippage to 20/21	Notes
		£	£	£	£	£	£	£	£	£	£	
	<b>General Fund Projects</b>											
	<b>Exe Valley Leisure Centre</b>											
CA633	Lords Meadow - Replace main pool filters	0	80,000	80,000	55,000	0	6,652	6,652	(48,348)	(8,000)		Project complete.
CA639	Spinning Room - New window - improve light	20,000	0	20,000	20,000	0	0	0	(20,000)	(20,000)		Project Complete Q2 19/20. Under £20k Capital diminimis therefore recharged to Revenue & funded through a contribution from NHB
CA640	Leisure Spinning Bike Replacement - all sites	60,000	0	60,000	60,000	60,000	0	60,000	0			Project Complete Q2 19/20
	<b>Culm Valley Leisure Centre</b>											
CA641	Fitness Gym Kit Replacement	185,000	0	185,000	185,000	7,951	177,307	185,257	257	257		Project complete
	<b>MDDC Depot Sites</b>											
CA829	Carlu Close - Air Conditioning units	25,000	0	25,000	20,000	0	0	0	(20,000)	(25,000)		Project Complete but Under £20k Capital diminimis therefore recharged to Revenue & funded through a contribution from NHB
CA830	Carlu Close - Interceptor upgrade	30,000	0	30,000	30,000	371	1,430	1,801	(28,199)		22,000	Subject to EA - Anticipated project completion by Q2 20/21
CA831	Carlu Close - Solar PV options	20,000	0	20,000	20,000	308	600	908	(19,092)			Forecast project completion Q4 19/20
	<b>Play Areas</b>											
CA472	Open Space Infrastructure (incl Play Areas)	0	50,000	50,000	50,000	1,360	0	1,360	(48,640)		48,640	Forecast project completion Q2 20/21
CA632	Play area refurbishment District wide - Amory Park Tiverton	0	50,000	50,000	50,000	0	0	0	(50,000)		50,000	Forecast project completion Q3 20/21
CA628	Play area refurbishment - West Exe Recreation Ground Tiverton	0	50,000	50,000	50,000	0	0	0	(50,000)		50,000	Forecast project completion Q1 20/21
	<b>Other Projects</b>											
CA473	Land drainage flood defence schemes - St Marys Hemyock	0	25,000	25,000	25,000	0	0	0	(25,000)		25,000	Forecast project completion Q3 20/21
CA420	Land drainage flood defence schemes - Ashleigh Park Bampton	0	87,000	87,000	87,000	0	0	0	(87,000)		87,000	Forecast project completion Q3 20/21
CA574	Fore Street Flats refurbishment	0	47,000	47,000	47,000	150	268	418	(46,583)		45,000	Forecast project completion Q3 20/21
CA709	MSCP improvements (refer to Matrix condition report)	0	136,000	136,000	136,000	2,982	0	2,982	(133,018)			Project forecast to be complete by 31/03/20
CA718	MSCP-Top Deck surfacing	70,000	50,000	120,000	70,000	0	0	0	(70,000)		120,000	Forecast project completion Q2 20/21
CA476	Tiverton Cemetery - Infrastructure extension	80,000	0	80,000	80,000	0	0	0	(80,000)		40,000	Forecast project completion Q2 20/21
CA477	Land drainage flood defence schemes	25,000	0	25,000	25,000	0	0	0	(25,000)		25,000	Forecast project completion Q3 20/21 - This will be required to fund project CA473 St Mary's Hemyock Project
CA202	Flexible Temporary Accommodation	75,000	0	75,000	75,000	0	0	0	(75,000)			
CA576	Tiverton Town Centre improvements	0	40,000	40,000	20,000	0	0	0	(20,000)		40,000	Forecast project completion Q1 20/21
CA579	Tiverton Town Centre - Street scene improvements	100,000	0	100,000	100,000	0	0	0	(100,000)		100,000	Forecast project completion Q1 20/21
CA832	Land acquisition for operational needs	600,000	0	600,000	0	0	0	0	0		600,000	This will be slipped into 2020/21
CA482	Contribution to South West Mutuals Bank	0	50,000	50,000	0	49,995	0	49,995	49,995			Per Cabinet report 07/03/19 to be funded by NNDR EMR
	<b>General Fund Development Schemes</b>											
CA575	District Wide Redevelopment project - Asset acquisition	0	3,953,000	3,953,000	45,000	0	0	0	(45,000)	(3,953,000)		Detailed schemes identified as part of forthcoming MTFP
CA462	Rear of Town Hall Development site (Riverside) - 3 Rivers Loan	0	3,679,000	3,679,000	3,040,990	1,662,990	1,378,000	3,040,990	0		638,010	This Project will cross financial years and be completed in 21/22
CA483	3 Rivers Loan - Threwstones, Tiverton	0	468,000	468,000	468,000	445,000	23,000	468,000	0			This project will complete in 19/20
CA484	3 Rivers Loan - Orchard House, Halberton	0	958,000	958,000	722,000	385,000	337,000	722,000	0		236,000	This Project will cross financial years and be completed in 20/21
CA486	3 Rivers Loan - Knowle Lane, Cullompton	0	3,714,000	3,714,000	3,714,112	3,454,500	259,612	3,714,112	0			Project will continue & complete in 21/22
CA580	Tiverton redevelopment project	1,200,000	0	1,200,000	1,200,000	0	0	0	(1,200,000)	(1,200,000)		Project aborted therefore costs re charged to Revenue
CA581	Waddeton Park	2,000,000	0	2,000,000	0	0	0	0	0	(2,000,000)		This project is now detailed in its entirety in the MTFP that was presented to Cabinet on 17/10/19
CA719	Cullompton Town Centre Relief Road	0	650,000	650,000	0	191,812	58,188	250,000	250,000			
CA720	Tiverton EUE A361 Junction Phase 2	0	50,000	50,000	0	0	0	0	0			
CA485	GP Practice NHS Hub Building Crediton	0	2,100,000	2,100,000	0	0	0	0	0		2,100,000	It is now anticipated that this project will slip into 20/21
	<b>Economic Development Schemes</b>											
CA582	* Hydro Mills Electricity Project	680,000	0	680,000	0	0	0	0	0		680,000	It is now anticipated that this project will slip into 20/21
	* All Economic Development schemes are subject to acceptable Business Case											
	<b>ICT Projects</b>											
CA421	Desktop states replacement/refresh	0	6,000	6,000	6,000	6,594	0	6,594	594	594		Project complete
CA456	CRM replacement	0	175,000	175,000	175,000	0	0	0	(175,000)		175,000	It is anticipated that this project will slip into 20/21
CA474	Data centre hardware refresh servers/storage	0	120,000	120,000	100,000	99,354	0	99,354	(646)	(20,646)		Project complete
CA433	Unified Communications/telephony	0	107,000	107,000	32,000	32,554	0	32,554	554	554		Project complete
CA464	Parking System Replacement (enforcement)	0	40,000	40,000	0	0	0	0	0	(40,000)		Project no longer required as coded to Revenue
CA465	Replacement Queue System	0	30,000	30,000	0	0	0	0	0	(30,000)		Project no longer required
CA423	Continued replacement of WAN/LAN	0	60,000	60,000	60,000	0	0	0	(60,000)	(60,000)		Project no longer required
CA425	Server farm expansion/upgrades	0	84,000	84,000	84,000	0	0	0	(84,000)			Project to be delivered by Q4 19/20
CA437	Digital Transformation	0	33,000	33,000	0	4	0	4	4		29,000	Project to be delivered during 2020/21
CA478	UPS Power supplies refresh	25,000	0	25,000	20,000	19,925	0	19,925	(75)	(5,075)		Project complete
CA479	Continuous replacement/Upgrade of WAN/LAN (networking hardware switches)	100,000	0	100,000	0	0	0	0	0	(100,000)		Project no longer required. Core switches project will be flagged in MTFP that will be presented at 17/10/19 Cabinet
CA480	Lalpac Licensing System replacement (SN)	80,000	0	80,000	0	0	0	0	0		80,000	It is anticipated that this project will slip into 20/21
CA481	Replacement Access Database - Property Services	100,000	0	100,000	0	0	0	0	0	(100,000)		This Project is timetabled for delivery in 21/22 & will be flagged as part of the forthcoming MTFP

	<a href="#">Replacement Vehicles</a>											
CA717	Van Tipper (Grounds Maintenance)	0	25,000	25,000	25,000	25,330	0	25,330	330	330		Project complete
CA715	Van Tipper (Grounds Maintenance)	0	25,000	25,000	25,000	25,330	0	25,330	330	330		Project complete
CA712	Iveco Tipper (or equivalent) 3.5T Tipper	0	28,000	28,000	28,000	27,830	0	27,830	(170)	(170)		Project complete
CA822	7.5T Tipper	0	45,000	45,000	45,000	44,773	0	44,773	(227)	(227)		Project complete
CA825	3.5T Tipper	0	28,000	28,000	28,000	27,830	0	27,830	(170)	(170)		Project complete
CA827	3.5T Tipper	0	28,000	28,000	28,000	27,830	0	27,830	(170)	(170)		Project complete
		5,475,000	17,071,000	22,546,000	11,051,102	6,599,775	2,242,057	8,841,832	(2,209,270)	(7,560,393)	5,190,650	
	<a href="#">Private Sector Housing Grants</a>											
CG217	Empty homes and enforcement	108,000	0	108,000	30,000	0	0	0	(30,000)	(108,000)		} Any underspends will remain in relevant EMR for future prioritisation }
CG201	Disabled Facilities Grants–P/Sector	562,000	0	562,000	530,000	281,076	306,991	588,067	58,067	(139,000)		
CG208	Wessex					25,000		25,000	25,000	25,000		
		670,000	0	670,000	560,000	306,076	306,991	613,067	53,067	(247,000)	0	
	<a href="#">Affordable Housing Projects</a>											
CA200	Grants to Housing Associations to provide units (funded by commuted sums)	117,000	0	117,000	17,000	13,151	0	13,151	(3,849)	(100,000)		This forecast underspend will remain in EMR
		117,000	0	117,000	17,000	13,151	0	13,151	(3,849)	(100,000)	0	
	<b>Total General Fund Projects</b>	<b>6,262,000</b>	<b>17,071,000</b>	<b>23,333,000</b>	<b>11,628,102</b>	<b>6,919,001</b>	<b>2,549,048</b>	<b>9,468,049</b>	<b>(2,160,053)</b>	<b>(7,907,393)</b>	<b>5,190,650</b>	
	<a href="#">HRA Projects - Existing Housing Stock</a>											
CA100	Major repairs to Housing Stock	2,285,000	0	2,285,000	2,285,000	1,308,152	684,611	1,992,762	(292,238)		125,000	It is anticipated that some of the modernisation contract works will slip into April 2020 Recruited an additional FTE to deliver but will be in an underspend for 19/20
CA111	Renewable Energy Fund	250,000	0	250,000	150,000	0	0	0	(150,000)	(100,000)		
CG200	Home Adaptations - Disabled Facilities	300,000	0	300,000	300,000	213,527	0	213,527	(86,473)			
	<a href="#">Housing Development Schemes</a>											
CA119	Palmerston Park - Additional budget required	0	634,000	634,000	634,000	1,161,896	58,888	1,220,784	586,784	586,784		Additional spend on this project will be in part offset by additional Homes England Grant of £441k Detailed schemes identified as part of forthcoming MTFP Project tendered. Project financial feasibility being considered Forecast project completion Q1 20/21 Detailed schemes identified as part of forthcoming MTFP Detailed schemes identified as part of forthcoming MTFP It is anticipated that the majority of the spend on this project will slip into 20/21
CA135	Land acquisition for affordable housing	0	2,100,000	2,100,000	0	0	0	0	0	(2,100,000)	287,000	
CA124	Queensway (Beech Road) Tiverton (3 units)	0	287,000	287,000	0	0	0	0	0		25,000	
CA126	Sewerage Treatment Works - Washfield	0	25,000	25,000	25,000	0	0	0	(25,000)			
CA139	Replace end of life HRA Assets	2,000,000	0	2,000,000	0	0	0	0	0	(2,000,000)		
CA140	Council Housing building schemes to be identified	2,000,000	0	2,000,000	0	0	0	0	0	(2,000,000)		
CA141	Round Hill Tiverton- Site	1,500,000	0	1,500,000	200,000	0	0	0	(200,000)		1,450,000	
CA142	RTB Buyback - 6 Cherry Gardens	0	153,000	153,000	153,000	152,438	0	152,438	(562)	(562)		
CA143	RTB Buyback- 39 Cameron Close	0	129,000	129,000	129,000	128,940	0	128,940	(60)	(60)		
CA144	RTB Buyback- 130 Butts Parks	0	197,000	197,000	197,000	197,098	0	197,098	98	98		
	<b>Total HRA Projects</b>	<b>8,335,000</b>	<b>3,525,000</b>	<b>11,860,000</b>	<b>4,073,000</b>	<b>3,162,051</b>	<b>743,499</b>	<b>3,905,550</b>	<b>(167,450)</b>	<b>(5,613,740)</b>	<b>1,887,000</b>	
	<b>CAPITAL PROGRAMME GRAND TOTAL</b>	<b>14,597,000</b>	<b>20,596,000</b>	<b>35,193,000</b>	<b>15,701,102</b>	<b>10,081,052</b>	<b>3,292,547</b>	<b>13,373,599</b>	<b>(2,327,503)</b>	<b>(13,521,133)</b>	<b>7,077,650</b>	

## Cabinet 13 February 2020

### Budget for 2020/21

**Cabinet Member:** Cllr Alex White  
**Responsible Officer:** Andrew Jarrett, Deputy Chief Executive (S151)

**Reason for Report:** This report provides the proposals for the General Fund and the Housing Revenue Account for the year 2020/21.

#### **RECOMMENDATIONS:**

**That the Cabinet recommend to full Council that:**

1. Council Tax is increased by £5 (2.46%) on a Band D property to £208.84.
2. General Fund budget for 2020/21 is approved.
3. The 2020/21 budget requires no transfer from the General Fund Balance.
4. The General Fund Budget requires a temporary transfer of £284k from the New Homes Bonus EMR.
5. HRA budget for 2020/21 be approved – Appendix 5.
6. HRA fees/charges are approved based on the attached schedule shown as Appendix 5a and 5b.
7. Work on strategic planning for delivering balanced budgets in the future is commenced in the spring.

**Relationship to Corporate Plan:** To deliver our Corporate Plan's priorities within existing financial resources.

**Legal Implications:** None directly arising from this report, although there is a legal obligation to balance the budget. There are legal implications arising from any future consequential decisions to change service provision, but these would be assessed at the time.

**Risk Assessment:** In order to comply with the requirement to set a balanced budget, management must ensure that the proposed savings are robust and achievable. We must also ensure that the assumptions we have used are realistic and prudent. Failure to set a robust deliverable budget puts the Council at risk of not being able to meet its commitments and casts doubt on its "going concern" and VFM status.

**Equality Impact Assessment:** There are no Equalities Impact implications relating to the content of this report.

**Climate Change Assessment:** The allocation of resources will impact upon the Council's ability to implement/fund new activities linked to climate change, as the MTFP sets the broad budgetary framework for the Council over the coming years.

### **1.0 Introduction**

- 1.1 The balancing of the Council's budget continues to be a challenge year on year following the Government's austerity measures and the subsequent reduction in our funding.

- 1.2 At this juncture it is worth remembering that the Council has already secured significant savings during the past 10 years in order to “balance the books” and maintain service delivery. Therefore, to secure further savings from 2021/22 onwards will not be possible without making some difficult decisions that will alter the shape/quality/quantity/frequency of services in the future.
- 1.3 Leadership Team, Group Managers and the Finance Team have been involved in discussions to secure significant savings, without reducing service delivery. However it is now becoming a more difficult challenge year on year and therefore looking to the future a new more strategic process will be required to match service provision to available funding.
- 1.4 The draft budget considered at PDG and Cabinet meetings in October and November showed a budget deficit of £346k, based upon a number of key assumptions (e.g. Government funding, inflation rates, pay award, Council Tax level, use of balances/reserves, etc.), and embraced a number of savings/ income increases offset by cost pressures together and funding reductions.

## **2.0 January PDGs and Cabinet – Budget Update**

- 2.1 The subsequent PDG and Cabinet meetings in January received an update report on the draft budget position which highlighted a reduced budget gap of £177k. This accounted for a number of additional changes to service costs/incomes and provided an update on the Provisional Settlement from Central Government, the increased referendum limit and confirmed the levy to NHB.
- 2.2 Following representation by members of the public and local traders, Cabinet approved an amendment to a previous Car Park charge increase which meant that the budget gap was impacted on an ongoing basis by £57k. This increased the 2020/21 gap to £235k.

## **3.0 Budget Consultation**

- 3.1 All budget decisions are clearly linked to our Corporate Plan priorities and are set against the context of annual budget consultation exercises.
- 3.2 A public consultation/survey took place in Nov/Dec and the results were made available to Members. The results are now available on our website to provide readers with a summary of the comments. The consultation has been very useful in highlighting the priorities of our residents.
- 3.2 The law also requires consultation with Business Ratepayers. This meeting was held on the 21 January 2020, where the current financial issues facing the Council were outlined to a group of our commercial ratepayers. This looked at the proposed budget for 2020/21 and talked through a number of assumptions which had been made. At this stage we were not in a position to present a “balanced” budget.



## **4.0 The Corporate Plan**

- 4.1 The new Corporate Plan was presented to Cabinet on 16 January 2020. The approved recommendation gave delegated authority to the Chief Executive to make minor changes to the layout or images of the Plan before it is finalised. The new Corporate Plan sets the overarching direction of travel for the council and will guide all future decision-making for the next four year cycle.

## **5.0 Key Assumptions for the 2020/21 Budget**

- 5.1 The Council has carefully scrutinised all existing budgets and the service risks associated with delivering them. It has also examined all material income sources, especially the ones which are most at risk, due to the continuing fluctuations in demand and price movements e.g. recycling products; planning and; leisure services income. In addition to the above, regard has been made to our existing and future levels of balances which are required. We have a number of ongoing commitments already made against this balance (e.g. future capital contributions, economic development and building projects, “spend to save” projects, business transformation, town centre regeneration, future grant settlements). At the 16 January Cabinet, Members received an analysis of the minimum level of general reserves which would be prudent to hold. This would be a reduction to £2m from the arbitrary 25% of net expenditure previously recommended. This was supported by Cabinet due to the accompanying high level of earmarked reserves which the council holds for specific projects.
- 5.2 With regard to all items of expenditure and income, Group Managers in conjunction with the Finance Team, review all areas for known increases/decreases based on both prevailing and predicted changes in demand, price inflation, contractual obligations, etc., when proposing the 2020/21 budget. More volatile budgets are subject to sensitivity analysis and a reasonably prudent assessment is made.
- 5.3 We have also now completed our Business Rates NNDR1 return which will accompany this report. This has shown further growth in our Business Rates but with the ever-present risk of appeals which the Valuation Office consider on a daily basis we have prudently set aside significant funds in a provision and our Business Rates Smoothing Reserve to mitigate this risk.

## **6.0 Local Government Finance Settlement**

- 6.1 The 2020/21 Provisional Settlement was received on the 20 December 2019.
- 6.2 The Settlement confirmed our previous assumptions and the only additional sum we receive will be £88k in Section 31 Grant for a technical adjustment of Business Rates in previous years.

## **7.0 Requirements for Council Tax Setting**

- 7.1 In recent years the Government (via the MHCLG) has become far more prescriptive with regard to acceptable levels of Council Tax increase. The implementation of the Localism Act has effectively replaced Government set

“capping limits” and replaced them with principles that allow the local electorate to call for a referendum if the Council is planning to increase its Council Tax above an acceptable level. The level for District Councils announced as part of the Settlement was set at a maximum of the greater of 2% or £5 for the 2020/21 budget year.

- 7.2 The Council Tax income included in the proposed budget includes a £5.00 (2.457%) increase. This equates to a band D charge of £208.84. (A 1% variation to our Council Tax changes the income generated by approximately £59k).

## 8.0 General Fund Budget 2020/21

- 8.1 The proposals contained in this report result in a balanced budget for the General Fund (see Appendix 1). After the updated budget report was considered by the PDGs and Cabinet in January there was still an outstanding budget gap of £235k. The following table shows some late amendments to the position presented to PDGs and to Cabinet.

**Table 1 – Reconciliation of further movements**

<b>Movements</b>	<b>Amount £k</b>
<b>20/21 Budget Shortfall (Cabinet Report 16/01/20)</b>	<b>177</b>
Amendment to Car Parking increase	57
Business Rates Retention forecast post NNDR1	21
Contribution to Local Nature Partnership (LNP)	2
Essential car users – reduction in allowance	-9
New Cabinet Member allowance	7
Reduction in interest from GP Hub due to timing of drawdown	29
<b>Draft budget gap for 2020/21</b>	<b>284</b>

- 8.2 Despite additional analysis work and discussions with Members and Budget Holders, it was not possible to reduce this gap further. Therefore we will have a requirement to take an additional £284k from the New Homes Bonus Earmarked Reserve.

## 9.0 Future Funding Concerns/Cost Pressures

- 9.1 Due to the increasing pressures on our budgets and the continuing reduction in our Central Government funding the Council will need to reassess its overall corporate priorities and therefore where it allocates future budgets, it will also need to consider:

- Statutory vs Discretionary service provision
- Reaffirm resident priorities
- How it can work more closely with Towns/Parishes
- Take on more commercial opportunities (but be aware of risks)
- Continue to consider any partnership possibilities
- Review Treasury options
- Maximise all income possibilities
- Impact of changes to New Homes Bonus

- 9.2 In the last Cabinet Report we reported the risks to New Homes Bonus allocation and the likelihood of the grant being extinguished completely in future years.
- 9.3 It's important to highlight how much New Homes Bonus is being used to help fund our General Fund and Capital Budgets in 2020/21, Appendix 4 shows a total transfer of £961k to contribute towards various General Fund projects, this includes £190k towards the ICT equipment sinking fund and; £80k towards Business Development, in addition the £284k transfer referred to in recommendation 4 of this report to close the budget gap. The NHB used to fund the Capital Programme amounts to £1.068m, (please see individual report also on this agenda) which gives a total of £2.029m to be utilised in 2020/21. Our allocation for 2020/21 is £1.418m but as previously reported to Cabinet this is expected to reduce considerably in 21/22 and 22/23 with a possibility that we will receive no NHB in 23/24 and subsequent years. Council will need to be mindful of the future funding available and agree service level changes accordingly.

## **10.0 Overall General Fund (GF) position at 31 March 2020**

- 10.1 The monthly monitoring report to the end of December tabled to this Cabinet meeting shows an estimated GF overspend of £252k by the end of 2019/20. This will result in the Council ending this financial year with the General Fund balance showing £2.231m. This will be higher than the proposed minimum level of £2.0m. It may therefore be possible to make a transfer of the excess to an earmarked reserve.

## **11.0 Transfers to and from earmarked reserves**

- 11.1 Appendix 3 shows in detail which amounts are being contributed to various earmarked reserves in 2020/21 and Appendix 4 shows which amounts are expected to be taken from earmarked reserves in 2020/21. These include £347k to fund maintenance at our Leisure sites and £522k which funds our new vehicle contract.

## **12.0 General Fund Budget Summary**

- 12.1 The final budget summary for the 2020/21 General Fund is as follows:
- To provide a balanced budget
  - without any transfer from the General Fund Balance
  - To increase Council Tax by £5 i.e. 2.457%
  - To utilise New Homes Bonus receipts to balance the budget
  - To continue to provide the current level of service provision

### **13.0 Housing Revenue Account Budget 2020/21**

- 13.1 The Housing Revenue Account (HRA) is ring fenced and accounts for the income and expenditure associated with the Council's statutory housing obligations to its tenants.
- 13.2 The recent budget proposals that went before the Homes PDG have resulted in a balanced draft budget for the Housing Revenue Account for 2020/21 as shown at Appendix 5.
- 13.3 The main proposals for the 2020/21 budget can be summarised as follows:
- Following new legislation an increase of CPI plus 1% (2.7%) is proposed to social housing rents
  - Affordable rents to increase subject to the market rent cap (to an average of £113.59 per week (over 52 weeks)
  - Garage rents from £11.10 to £11.60 per week
  - Increase garage plot ground rents by £25 to £275 per annum.
- 13.4 A more detailed analysis of the proposed rent increase can be found in Appendix 5a that shows that the average housing rent will increase to £79.44 on a 52 week basis.
- 13.5 The overall HRA budget has been constructed on a detailed line by line examination of expenditure and income, having regard to last year's outturn, this year's forecast position and the on-going improvement of the housing service.
- 13.6 Some items of expenditure can be defined quite accurately whilst others require managers to exercise business judgement based upon their experience, particularly in the case of new commitments. Where such judgement has been applied the proposals before Members are based upon realistic assumptions.
- 13.7 The main factors influencing this year's budget are broken down between the key national and local issues that are pertinent to next year's housing business plan as detailed below.

### **14.0 Key National Issues affecting the Housing Revenue Account**

- 14.1 The key issues affecting the budget for the HRA are detailed below:
- Formula Rent (FR) increasing by 1% plus CPI
  - Right to buy (RTB) discounts, resulting in higher sales volumes
  - Universal Credit
- 14.2 In the Government budget announcement made in July 2015, we learnt that FR would reduce by 1% each year for the subsequent four years. Until that point, we had expected it to increase by CPI + 1% each year for the next nine years. Since dwelling rent is the largest number in the HRA, the impact was significant and we estimate that we lost c£2m in rental income for the period.

- 14.3 The single biggest issue facing social housing is welfare reform. The roll-out of Universal Credit in Mid Devon continues and we continue to monitor the impact. Nationally, further delays in the programme's roll-out were announced w/c 3 February 2020.
- 14.4 Current legislation on Right to Buy means that we're likely to sell several0 properties in future years. This will have an impact on our rent income, which in turn affects our ability to fund property maintenance and development as well as servicing any existing or new debt.

## **15.0 Key Local Issues affecting Mid Devon's HRA**

- 15.1 The key local issues facing the HRA are as follows:
- Building more stock
  - Review our investment levels based on our 30 year Business Plan – in line with projected future demand
  - Demand for increased housing stock and funding to deliver it
- 15.2 The prospect of building new social housing raises the issue of significant financing requirements. It means that reserves may need to be built up or additional debt taken on in the near future, increasing the need to manage the impact on the revenue budget each year.

## **16.0 HRA - Capital Works and Planned Maintenance**

- 16.1 The major repairs allowance is determined by the level of depreciation charged on our properties. The latest stock condition survey (2010) identified a need to spend £3.5m per annum over the next 30 years, meaning any operating surpluses or savings generated by the Self Financing system should be directed here.

## **17.0 Housing Benchmarking**

- 17.1 The Council continues to undertake valuable benchmarking work in conjunction with Housemark. These findings are then used to inform the budget setting process. In doing so, MDDC are able to better identify their position in relation to other authorities in the sector and identify areas for improved efficiency.

## **18.0 Overall Financial Position of the Housing Revenue Account**

- 18.1 It has been deemed as prudent to maintain the HRA reserve balance at £2.0m and it is expected to remain so throughout 2019/20. Other HRA reserves are expected to total £14.8m by the end of 2019/20.
- 18.2 This is made up of £14.3m in the Housing Maintenance Fund (HMF) and £0.5m in the Renewable Energy Fund (REF). It is intended that any expenditure funded from this money be used on renewable energy schemes.

## **19.0 Housing Revenue Account Budget Summary**

- 19.1 The final budget summary for the 2020/21 HRA is shown in Appendix 5. It will continue to provide for an enhanced housing service which will allow for more capital investment and additions to our existing stock.

## **20.0 GF and HRA - Capital Programme 2020/21**

- 20.1 This is discussed in a separate agenda item which shows that the 2020/21 programme totals £22.010m – the most significant funding source required to support this programme is the £19.579m of borrowing from the Public Works Loan Board. There are a number of projects proposed in the Capital Programme including the Cullompton Town Centre Relief Road (£3.705m) funded from HIF monies; 75 Affordable homes at Waddeton Park (£3.6m); £12.1m to fund the current 3 Rivers Projects across the district; £2.260m to repair existing Housing Stock (HRA) and £2m to replace end of life HRA assets and create building schemes for new HRA developments.

## **21.0 Conclusion**

### **HRA**

- 21.1 The HRA has an obligation to provide a high quality, value for money service for its tenants coupled with affordable rent levels. The Government's legal requirement to cut housing rents by 1% over the last 4 years has reduced the available income to fund both revenue and capital expenditure. In addition, the impact of the full roll-out of Universal Credit is a watching brief. We do however anticipate that this may have a significant impact upon revenue into the HRA due to the expected rise in the level of rent arrears.

### **General Fund**

- 21.2 The General Fund budget has been set against a back drop of 10 consecutive years of cuts to Public Sector funding. Uncertainty is still the prevailing factor in Local Government funding as we await the Fair Funding Review and Business Rates Baseline Reset which are due to be announced in 2020/21.
- 21.3 We need to prepare for the future in a timely manner and this is why we will continue to discuss how we can provide a wide range of services in a much reduced funding envelope. The process will need to involve all staff, Members and our local residents/businesses.

### **Capital Programme**

- 21.4 With few disposable assets and a greater reliance on Government grants our future capital programmes will come under greater pressure. If we continue to use a proportion of New Homes Bonus to help balance the General Fund there will be less available to help fund our annual capital programmes in the district. With anticipated reductions and the possible cessation of New Homes Bonus in future years we will need to start planning the affordability of revenue contributions for capital, to maintain the level of our capital programme.

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**Circulation of the Report:** Leadership Team, Cllr Deed, Cllr White

**Background Papers:** Oct, Nov & January Cabinet & PDG's (Budget Draft, MTFP and Budget Update reports)

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## GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2020/21

	2019/2020 Annual Budget	Movement	2020/2021 Proposed Budget
Notes	£	£	£
Cabinet	5,285,580	148,141	5,433,721
Community	3,106,818	(216,373)	2,890,445
Economy	(468,390)	(80,622)	(549,012)
Environment	3,697,570	39,280	3,736,850
Homes	206,560	97,320	303,880
<b>TOTAL NET DIRECT COST OF SERVICES</b>	<b>11,828,138</b>	<b>(12,254)</b>	<b>11,815,884</b>
Net recharge to HRA	(1,571,110)	89,480	(1,481,630)
Provision for the financing of capital spending	333,280	718,874	1,052,154
<b>NET COST OF SERVICES</b>	<b>10,590,308</b>	<b>796,100</b>	<b>11,386,408</b>
Finance Lease Interest Payable	44,420	3,920	48,340
Interest from Funding provided for HRA	(49,000)	-	(49,000)
Interest Receivable / Payable on Other Activities	167,580	272,298	439,878
Interest Received on Investments	(442,540)	(125,782)	(568,322)
Transfers into Earmarked Reserves	2,267,363	329,687	2,597,050
Transfers from Earmarked Reserves	(2,146,050)	99,847	(2,046,203)
Proposed Contribution from New Homes Bonus Reserve	(253,350)	(30,357)	(283,707)
<b>TOTAL BUDGETED EXPENDITURE</b>	<b>10,178,731</b>	<b>1,345,713</b>	<b>11,524,444</b>
<b>Funded by: -</b>			
Revenue Support Grant	-	-	-
Rural Services Delivery Grant	(466,695)	(5)	(466,700)
New Homes Bonus	(1,243,503)	(174,687)	(1,418,190)
BR Levy Re-distribution	(33,408)	33,408	
Retained Business Rates	(3,213,597)	(3,900)	(3,217,497)
Business Rates Deficit	778,906	(874,136)	(95,230)
Business Rates Pooling Dividend	(100,000)	(50,000)	(150,000)
CTS Funding Parishes	-	-	-
Collection Fund Surplus	(71,330)	(40,670)	(112,000)
Council Tax (£29,040.60 x £208.84)	(5,829,104)	(235,723)	(6,064,827)
<b>TOTAL FUNDING</b>	<b>(10,178,731)</b>	<b>(1,345,713)</b>	<b>(11,524,444)</b>
<b>REQUIREMENT TO BALANCE THE BUDGET</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Current Assumptions: -**

1. Council Tax has been increased by £5 from £203.84 to £208.84 with an increased property growth of 444.
2. 2020/21 Salary budgets include an increase of 2% for all scales.
3. All earmarked reserves have been reviewed and adjustment made based upon existing need.
4. All income flows have been reviewed and adjusted for changes in demand and unit price.
5. Investment income has been based upon the existing lending criteria now in force.
6. Support services have been calculated in accordance with the annual process.
7. New Homes Bonus receipts based on existing legislation changes.
8. BR Deficit - 18/19 Significant increase in appeals provision resulted in a 19/20 Deficit. 19/20s growth although not reflected in year, results in a surplus in 20/21.
9. A temporary transfer of £284k from NHB has been proposed.

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**PDG SERVICE UNIT MOVEMENTS**
**APPENDIX 2**

GENERAL FUND SUMMARY		Budget Net Direct Cost	Current Budgeted Net Direct Cost	Movement	+/- %
		2019/20	2020/21		
	<b>Cabinet</b>				
SCM01	Leadership Team	485,280	442,690	(42,590)	-8.8%
SCM02	Corporate Functions	83,810	86,790	2,980	3.6%
SCM03	Corporate Fees	217,990	365,110	147,120	67.5%
SCM06	Pension Backfunding	909,440	753,571	(155,869)	-17.1%
SES01	Emergency Planning	8,280	7,500	(780)	-9.4%
SFP01	Accountancy Services	411,470	436,790	25,320	6.2%
SFP02	Internal Audit	92,100	92,100	0	0.0%
SFP03	Procurement	111,400	121,580	10,180	9.1%
SFP04	Purchase Ledger	46,990	47,320	330	0.7%
SFP05	Sales Ledger	45,360	46,210	850	1.9%
SHR01	Human Resources	329,580	377,680	48,100	14.6%
SHR02	Mddc Staff Training	33,040	33,750	710	2.1%
SHR03	Payroll	56,300	48,870	(7,430)	-13.2%
SHR04	Learning And Development	46,170	53,190	7,020	15.2%
SIT01	It Gazetteer Management	70,580	74,880	4,300	6.1%
SIT03	It Information Technology	902,030	919,770	17,740	2.0%
SLD01	Electoral Registration	197,020	203,830	6,810	3.5%
SLD02	Democratic Rep And Management	477,680	490,630	12,950	2.7%
SLD04	Legal Services	347,790	357,890	10,100	2.9%
SPR01	Building Regulations	3,400	(6,430)	(9,830)	-289.1%
SPR04	Local Land Charges	(20,530)	(19,200)	1,330	-6.5%
SRB01	Collection Of Council Tax	294,730	397,010	102,280	34.7%
SRB02	Collection Of Business Rates	(102,250)	(103,370)	(1,120)	1.1%
SRB03	Housing Benefit Admin & Fraud	177,740	132,520	(45,220)	-25.4%
SRB04	Housing Benefit Subsidy	(45,000)	5,000	50,000	-111.1%
SRB06	Debt Recovery	105,180	68,040	(37,140)	-35.3%
		<b>5,285,580</b>	<b>5,433,721</b>	<b>148,141</b>	<b>2.8%</b>
	<b>Community PDG</b>				
SCD01	Community Development	87,500	77,650	(9,850)	-11.3%
SCS20	Customer Services Admin	110,360	23,350	(87,010)	-78.8%
SCS22	Customer First	660,150	716,935	56,785	8.6%
SES03	Community Safety - C.C.T.V.	2,310	6,010	3,700	160.2%
SES04	Public Health	4,090	3,990	(100)	-2.4%
SES11	Pool Cars	-	1,280	1,280	-
SES16	Es Staff Units/Recharges	760,700	788,210	27,510	3.6%
SES17	Community Safety	6,350	6,220	(130)	-2.0%
SES18	Food Safety	(21,140)	(25,070)	(3,930)	18.6%
SES21	Licensing	(3,250)	14,400	17,650	-543.1%
SES22	Pest Control	5,000	5,000	0	0.0%
SES23	Pollution Reduction	(720)	(650)	70	-9.7%
SPR02	Enforcement	105,820	110,370	4,550	4.3%
SPR03	Development Control	330,710	357,990	27,280	8.2%
SPR09	Forward Planning	252,520	270,620	18,100	7.2%
SPR11	Regional Planning	116,000	99,390	(16,610)	-14.3%
SRS01	Recreation And Sport	690,418	434,750	(255,668)	-37.0%
		<b>3,106,818</b>	<b>2,890,445</b>	<b>(216,373)</b>	<b>-7.0%</b>
	<b>Economy PDG</b>				
SCD02	Economic Development	50,180	60,640	10,460	20.8%
SCP01	Parking Services	(531,710)	(632,962)	(101,252)	19.0%
SPR06	Economic Development	444,000	427,810	(16,190)	-3.6%
SPS12	Gf Properties Shops/Flats	(430,860)	(404,500)	26,360	-6.1%
		<b>(468,390)</b>	<b>(549,012)</b>	<b>(80,622)</b>	<b>17.2%</b>

GENERAL FUND SUMMARY		Budget Net Direct Cost	Current Budgeted Net Direct Cost	Movement	+/- %
		2019/20	2020/21		
	<b><u>Environment PDG</u></b>				
SES02	Cemeteries	(86,540)	(85,300)	1,240	-1.4%
SES05	Open Spaces	91,800	126,120	34,320	37.4%
SGM01	Grounds Maintenance	633,740	567,810	(65,930)	-10.4%
SPS01	Asset Management	30,000	40,000	10,000	33.3%
SPS03	Flood Defence And Land Drain	26,430	26,430	0	0.0%
SPS04	Street Naming & Numbering	7,560	7,830	270	3.6%
SPS05	Administration Buildings	257,790	241,380	(16,410)	-6.4%
SPS06	Mddc Depots	38,040	38,190	150	0.4%
SPS07	Public Transport	(13,220)	(15,690)	(2,470)	18.7%
SPS08	Office Building Cleaning	65,980	62,250	(3,730)	-5.7%
SPS09	Property Services Staff Unit	600,710	687,640	86,930	14.5%
SPS11	Public Conveniences	61,800	50,710	(11,090)	-17.9%
SWS01	Street Cleansing	483,130	449,720	(33,410)	-6.9%
SWS02	Waste Collection	369,210	290,450	(78,760)	-21.3%
SWS03	Recycling	824,550	879,630	55,080	6.7%
SWS04	Waste Management	306,590	369,680	63,090	20.6%
		<b>3,697,570</b>	<b>3,736,850</b>	<b>39,280</b>	<b>1.1%</b>
	<b><u>Homes PDG</u></b>				
SES15	Private Sector Housing Grants	(6,070)	(11,640)	(5,570)	91.8%
SHG03	Homelessness Accommodation	212,630	315,520	102,890	48.4%
		<b>206,560</b>	<b>303,880</b>	<b>97,320</b>	<b>47.1%</b>
	<b>GRAND TOTAL</b>	<b>11,828,138</b>	<b>11,815,884</b>	<b>(12,254)</b>	<b>-0.10%</b>

**2020-21 BUDGETS**

Appendix 3

**Transfers into Earmarked Reserves**

SERVICE	EMR		MAINT 20/21 BUDGET	PLANT 20/21 BUDGET	EQUIPMENT 20/21 BUDGET	VEHICLES 20/21 BUDGET	OTHER 20/21	NEW HOMES BONUS	
CP540	EQ686	PAYING CAR PARKS (MACHINE REPLACEMENT SINKING FUND)			3,000				
IT800	EQ754	PHOENIX HOUSE PRINTING			2,200				
ES100	EQ766	CEMETERIES	25,000						
ES450	EQ767	PARKS & OPEN SPACES	25,000						
GM960	EQ760	GROUNDNS MAINTENANCE - PLANT		14,360					
LD201	EQ720	ELECTION COSTS - DISTRICT					25,000		
LD300	EQ721	DEMOCRATIC REP & MANAGEMENT					5,000		
PR810	EQ728	STATUTORY DEVELOPMENT PLAN					100,000		
PS880	EQ765	BUS STATION	5,000						
PS990	EQ685	FORE STREET MAINT S.FUND	5,000						
PS992	EQ685	MARKET WALK MAINT S.FUND	20,000						
RS140	EQ837	LEISURE SINKING FUND			75,000				
WS725	EQ761	KERBSIDE RECYCLING		20,000					
WS725	EQ763	RECYCLING MAINT SINKING FUND (DEPOT FLOOR)	2,700						
WS710	EQ839	WASTE PRESSURE WASHER			2,500				
IT400	EQ755	ICT EQUIPMENT SINKING FUND			189,500				
IE435	EQ653	NEW HOMES BONUS GRANT						1,418,190	
PS980	EQ837	PROPERTY MAINTENANCE	100,000						
FM100	EQ756	FLEET CONTRACT FUND				559,600			
<b>TOTAL</b>			<b>182,700</b>	<b>34,360</b>	<b>272,200</b>	<b>559,600</b>	<b>130,000</b>	<b>1,418,190</b>	<b>2,597,050</b>
<b>2019/20</b>			<b>182,700</b>	<b>34,360</b>	<b>272,200</b>	<b>409,600</b>	<b>125,000</b>	<b>1,243,500</b>	<b>2,267,360</b>
<b>Movement</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>150,000</b>	<b>5,000</b>	<b>174,690</b>	<b>329,690</b>

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**2020-21 BUDGET**

Appendix 4

**Transfers from Earmarked Reserves**

SERVICE	Reserve		UTILISE NHB	OTHER	
EQ638	EQ638	DEV CONT LINEAR PARK		(4,170)	
EQ640	EQ640	W52 POPHAM CLOSE COMM FUND		(1,950)	
EQ641	EQ641	W67 MOORHAYES COM DEV FUND		(1,630)	
EQ642	EQ642	W69 FAYRECROFT WILLAND EX WEST		(4,620)	
EQ643	EQ643	W70 DEVELOPERS CONTRIBUTION		(6,650)	
EQ644	EQ644	DEV CONT WINSWOOD CREDITON		(3,080)	
ES733	EQ652	PUBLIC HEALTH		(52,090)	
PR225	EQ824	GARDEN VILLAGE PROJECT (PR225)		(55,360)	
PR400	EQ653	BUSINESS DEVELOPMENT	(45,000)		
PR400	EQ653	BUSINESS DEVELOPMENT	(80,000)		
IT400	EQ653	ICT EQUIPMENT SINKING FUND	(189,500)		
PR810	EQ728	STATUTORY DEVELOPMENT PLAN (PR810)		(61,890)	
IE440	EQ659	NNDR EMR		(150,500)	
FM100	EQ756	VEHICLE LEASE		(521,770)	
RS100	EQ837	PROPERTY MAINTENANCE		(347,000)	
PS992/PS995	EQ838	GF SHOPS		(30,000)	
Various	EQ653	NHB TO FUND ADDITIONAL PROJECTS FLAGGED IN CAPITAL - DEEMED REVENUE IN NATURE	(110,000)		
FP100	EQ755	ICT EQUIPMENT SINKING FUND		(20,000)	
CS900	EQ753	CENTRAL COPY EQUIP SFUND		(7,000)	
HG320	EQ752	HOMELESSNESS EMR		(101,660)	
IE800	EQ653	MRP MOVEMENT	(252,333)		
	EQ653	RELEASING OF RESERVES TO FUND THE 20/21 GF BUDGET	(283,707)		
<b>TOTAL</b>			<b>(960,540)</b>	<b>(1,369,370)</b>	<b>(2,329,910)</b>
<b>2019/20</b>			<b>(587,850)</b>	<b>(1,811,550)</b>	<b>(2,399,400)</b>
<b>Movement</b>			<b>(372,690)</b>	<b>442,180</b>	<b>69,490</b>

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## Appendix 5

Code	Service Unit	Previous Year Outturn	Current Year Budget	Movement	Proposed Budget 2020/21
	<b>Income</b>				
SHO01	Dwelling Rents Inc	(12,181,633)	(11,977,170)	(389,580)	(12,366,750)
SHO04	Non Dwelling Rents Inc	(565,736)	(564,870)	(30,850)	(595,720)
SHO07	Leaseholders' Ch For Serv	(26,633)	(21,640)	0	(21,640)
SHO08	Contributions Towards Exp	(116,226)	(27,720)	(1,500)	(29,220)
SHO10	H.R.A. Investment Income	(99,169)	(83,000)	30,000	(53,000)
SHO11	Misc. Income	(189,583)	(7,350)	0	(7,350)
	<b>Services</b>				
SHO13A	Repairs & Maintenance	3,152,591	3,174,000	419,980	3,593,980
SHO17A	Housing & Tenancy Services	1,229,082	1,732,360	(246,740)	1,485,620
	<b>Accounting entries below the line</b>				
SHO29	Bad Debt Provision	28,083	53,000	0	53,000
SHO30	Share Of Corp And Dem	294,567	199,100	(36,460)	162,640
SHO32	H.R.A. Interest Payable	1,165,119	1,178,580	(63,400)	1,115,180
SHO34	H.R.A. Trf To/From Emr	3,046,802	1,713,350	359,060	2,072,410
SHO37	Capital Receipts Res Adj	(16,900)	(26,000)	0	(26,000)
SHO38	Major Repairs Allowance	2,080,581	2,285,000	(25,000)	2,260,000
SHO45	Renewable Energy Transactions	(142,709)	(139,000)	50,000	(89,000)
	<b>NET DIRECT TOTAL</b>	<b>(2,341,763)</b>	<b>(2,511,360)</b>	<b>65,510</b>	<b>(2,445,850)</b>

### Subjective Analysis

Code	Service Unit		Current Year Budget	Movement	Proposed 20/21 Budget
1000	Employees		2,621,550	270,040	2,891,590
2000	Premises		194,770	2,550	197,320
3000	Transport		266,510	(10,450)	256,060
4000	Cost Of Goods And Services		7,395,180	137,780	7,532,960
7000	Income		(12,989,370)	(334,410)	(13,323,780)
	<b>NET DIRECT TOTAL</b>		<b>(2,511,360)</b>	<b>65,510</b>	<b>(2,445,850)</b>
5000	Recharges		1,534,110	(52,480)	1,481,630
6000	Capital Charges		977,250	(13,030)	964,220
	<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>

## HRA Rent Budget 2020/21

Description	Average rent (52 week basis) £	Average properties 2020/21	Annual rent total £	Void level	Annual rent total (less voids)	Budget (rounded)
Social rent (in use)	79.44	2,907	12,008,468	0.69%	11,925,610	11,925,610
Affordable rent properties	113.59	81	478,441	0.69%	475,140	475,140
Rent written off					(35,000)	(35,000)
Write-offs recovered					1,000	1,000
HO700 budget					12,366,750	12,366,750
Affordable rent surplus					87,163	87,160
TOTAL		2,988				

Formula Rent	79.55
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## HRA: Proposed Fees and Charges 2020/21

	<u>2019/20</u>	<u>Increase</u>	<u>Increase %</u>	<u>2020/21</u>
Garage rents per week (48 week basis) <i>It should be noted that council tenants receive a discount of £2.00 per week on any garage rent</i> (note rents for 20/21 will be charged on a 52 week basis)	£11.10	£0.50	4.50%	£11.60
Garage ground rents (Annual charge)	£250	£25	10.00%	£275
<u>N.B</u>				
MDDC Formula Rent on average (52 weeks)	£77.46			£79.55

**Assumptions****Appendix 5c**

- All rents to increase up to a maximum of 2.7% subject to rent caps
- Twenty properties sold during 20/21
- Average of 19 void properties
- Affordable rents to increase subject to the market rent cap (to an average of £113.59 per week (over 52 weeks)
- Garage rents to increase by 50p per week, to £11.60 (based on a 48 week year)
- Garage ground rents proposal to increase from £250 to £275 per annum
- Income generated from HRA retail units expected to remain at current levels
- Base pay increase of 2% also planned salary increase to cover future projects work circa £173k
- Cost of Goods and Services has increased due to an increased contribution being made to the Housing Maintenance Fund
- Returns on external invested cash balances forecast to be lower on 20/21 (£33k)
- PWLB debt repayments, based on the nature of the borrowing, is £2.645m, however the make-up for 20/21 shows interest payments of £0.975m a reduction of £94k on 19/20. We have budgeted to fund a capital project from borrowing, estimate of interest in 20/21 £89k. We will pay to the General Fund £46k of interest on internal borrowing
- £1.190m contribution to the Housing Maintenance Fund to be made.
- Recharges (in) to decrease by £82k

**Assumptions****6000 CAPITAL CHARGES**

	£000
MRP for Leases and Wells Park	47
Depreciation	2,000
Depreciation Reversal	(2,000)
PWLB loan MRP	916
	<u>963</u>

**SHO34 HRA Transfer to/from EMR**

Surplus amount	1,190
Renewable energy surplus	89
Affordable Rent surplus	87
Loan Premium Deficit	706
	<u>2,072</u>

**PWLB LOAN**

Principal repaid	1,622
Principal accounted for	916
Loan Premium deficit	<u>706</u>

## **CABINET 13 FEBRUARY 2020**

### **CAPITAL PROGRAMME 2020/21 – 2023/24**

**Cabinet Member** Cllr Alex White  
**Responsible Officer** Andrew Jarrett, Deputy Chief Executive (S151)

**Reason for Report:** To seek approval of the 2020/21 Capital Programme and note the draft 2021/22, 2022/23 and 2023/24 programmes.

#### **RECOMMENDATIONS: That the Cabinet recommend to Full Council:**

- 1. The detailed Capital Programme for 2020/21 be approved (including an additional £75k for the loan for the Crediton GP Hub) and the estimated amounts for 2021/22, 2022/23 and 2023/24 be noted.**
- 2. To agree to earmark New Homes Bonus (NHB) monies of £1.068m to support the 2020/21 Capital Programme (see para 2.3).**

**Relationship to the Corporate Plan:** The Capital Programme identifies the capital investment proposed across all strands of the Corporate Plan over the next four years.

**Financial Implications:** The Capital Programme submitted for 2020/21 is fully funded. It does, however, include £19.579m anticipated PWLB borrowing to fund various projects including Cullompton Town Centre Relief Road £3.380m, Land Acquisition £0.400m, additional monies to that approved in 19/20 for the GP Practice NHS hub building £0.075m, Waddeton Park scheme £3.605m and 3 Rivers Development Company committed projects of £12.119m. Future capital receipts are now estimated at such a low level that the Council needs continue to evaluate ways of making additional provision to fund its long-term capital programme or reduce its property portfolio. This is especially relevant after recent announcements on the future of New Homes Bonus.

**Legal Implications:** See comments below in relation to spending of grants and receipts.

**Risk Assessment:** There is a risk of clawback of external funds if sums received are not spent in accordance with the terms on which they were given, or not within agreed timescales. Useable Capital Receipts for 2020/21 have been projected at a prudent level of £570k but there is a risk that if these do not materialise, the Authority may need to delay scheme start dates to the following financial year or to make a revenue contribution to Capital to ensure full programme delivery.

**Equality Impact Assessment:** It is considered that the impact of this report on equality related issues would be nil.

**Impact on Climate Change:** There are no direct impacts from the content of this report. Any major asset replacements/upgrades will, however, consider the environmental impact in relation to carbon footprint.

## 1.0 Introduction

- 1.1 The proposed Capital Programme has been produced following detailed consultation with officers and is now mainly focused on essential asset maintenance, funding a range of private sector housing projects, ICT replacement and investment and ensuring that our existing housing stock is maintained to the decent homes standard. The programme also includes Council House building projects and spend to save projects that will only be undertaken if a robust business case demonstrates an acceptable payback period.
- 1.2 A significant amount of work was undertaken when producing the Council's Medium Term Financial Plan (MTFP) during the late summer, which helped to scope the size and funding of the 2020/21 capital programme. A number of subsequent meetings were held with Group Managers which focused on the essential projects (in terms of end of life asset replacement or health and safety) and involved reprioritising or rescheduling expenditure to future years.

## 2.0 The 2020/21 Capital Programme

- 2.1 Through reprioritisation of capital projects the Council has been able to set a balanced capital programme for 2020/21. Appendix 1 shows the proposed Capital Programme for 2020/21, which totals £27.220m.
- 2.2 The 2020/21 Capital Programme is fully funded by a combination of:

<b>General Fund Project Funding Sources</b>	<b>Amount of Funding £k</b>
S106 & Affordable Housing Contributions	145
Capital Reserve	42
DCLG (Disabled Facilities Grant)	647
New Homes Bonus (NHB)	1,047
HIF Funding	430
Contribution from existing Useable Capital Receipts	70
PWLB Borrowing	19,579
Other Funding (other earmarked reserves)	50
<b>Total Funding General fund Projects</b>	<b>22,010</b>
<b>HRA Project Funding Sources</b>	<b>Amount of Funding £k</b>
Contribution from existing Useable Capital Receipts	541
Use of forecast Useable Capital Receipts to be generated in 20/21	570
Major Repairs Allowance	2,260

New Homes Bonus (NHB)	21
Use of forecast Replacement Homes Capital Receipts	750
Contrib from Renewable Energy fund EMR	150
Contrib from Housing Maintenance Fund	846
*Contrib from Affordable Rents Surplus EMR	72
<b>Total Funding HRA Projects</b>	<b>5,210</b>
<b>Total Funding (GF &amp; HRA)</b>	<b>27,220</b>

\* Note Affordable Rents Surplus is the additional amount generated from new Council Houses let at affordable rents as opposed to social rent historically charged for our Council Homes.

- 2.3 The 2020/21 Capital Programme requires £1.068m (£1.047m General Fund + £0.021m HRA) of New Homes Bonus (NHB) funding to ensure it is balanced. Further contributions from NHB are required over the life of the MTFP, with the forecast contributions amounting to £1.995m for 2021/22, 2022/23 and 2023/24.
- 2.4 We are aware that the mechanism behind allocating NHB will change in the near future. This is a major risk to the availability of funding for our future capital programme. The Revenue report highlights the need to explore other revenue income streams to try to mitigate reduction in NHB but this will of course be challenging.
- 2.5 A contribution is expected from the Housing Maintenance Fund (30 year maintenance plan) of £0.846m in order to deliver the HRA related projects identified in the 20/21 Capital Programme. Further contributions from this reserve will be required to deliver council house building aspirations identified in our MTFP amounting to £3.692m for 2021/22 and 2022/23. The remainder of these schemes will be mainly funded by a combination of useable capital receipts (general and replacement homes receipts).
- 2.6 A deliverable programme of £2.260m has been identified to maintain our existing council house stock, the balance of available monies will remain in the Housing Maintenance Fund in order to deal with future additional spend that has been identified by the stock condition survey.
- 2.7 Appendix 1 shows, the 20/21 Capital Programme that has evolved from the MTFP and Appendix 2 shows the updated MTFP, which was originally presented at the October 2019 & subsequently at the January 2020 Cabinet; this has been refreshed with up to date information on expenditure and funding as referred to in paragraphs 2.1 to 2.6 above. A summary of the subsequent 3 years is shown in the table below.

## **MTFP Summary 2021/22, 2022/23 & 2023/24**

	<b>2021/22 £k</b>	<b>2022/23 £k</b>	<b>2023/24 £k</b>
Total General Fund Capital Projects	20,568	18,150	1,595
Total HRA Capital Projects	6,485	6,310	3,310
<b>Total GF &amp; HRA Capital Projects</b>	<b>27,053</b>	<b>24,460</b>	<b>4,905</b>

For a detailed breakdown, please refer to Appendix 2

- 2.8 The further into the future we try to predict the more difficult it is to do with the same level of certainty, therefore although 2022/23 and 2023/24 give an indication of the likely resource required during these years, we will know with a greater level of certainty nearer the time and therefore the predicted level of expenditure may well change.

### **3.0 Funding the Capital Programme**

- 3.1 NHB funding forms a substantial amount of the funding of this programme (as referred to in para 2.3 above) (£3.063m over the four years which includes £1.068m in 20/21). The anticipated change in NHB funding (referred to in para 2.4), may impact on our future capital programmes and those proposed projects may need to be curtailed to match the funding we have available.
- 3.2 Due to the very low level of estimated new capital receipts for 2020/21, only a small number of Council funded schemes have been incorporated in the Capital Programme. Council house sales have been predicted at 20 sales per annum for the life of this programme. The Government Pooling arrangements mean a proportion of the sale is pooled to the Government, a proportion is retained in a ring-fenced reserve for replacement house building (linked to the HRA self-financing arrangements that have been in place since 01/04/12) and the balance is retained by the authority as a useable capital receipt, which can be used to support our Capital Programme.
- 3.3 The projected level of usable capital receipts available for 2020/21 is £1.181m (this is made up of £0.570m, net of pooling, estimated to be generated from sales in 2020/21 and a contribution of £0.611m (£0.07m GF + £0.541m HRA) from existing Useable Capital Receipts). All other previously generated capital receipts have been used to balance the subsequent years of the MTFP.
- 3.4 The figures assumed for receipts from the sale of assets have been calculated prudently and therefore if any additional receipts are generated we can return to some of the projects which could not be funded in the first instance and consider their inclusion. Any such decision (subject to constraints within the financial rules) would require Full Council approval and be linked to the Corporate Plan priorities.



- 3.5 We continue to set aside sinking funds for future asset maintenance, replacement of Leisure plant and equipment and for future replacement of ICT systems and equipment. This ensures the revenue base budget is more robust and that we are making adequate provision to replace assets in much the same way as we have in the past for our vehicle fleet.

#### **4.0 Council Borrowing**

- 4.1 Prudential borrowing has been estimated for 2020/21, this will be used to fund General Fund schemes amounting to £19.579m which includes development schemes, infrastructure (Cullompton Relief Road) and land acquisition schemes. All schemes will be subject to a rigorous business case assessment; their cost and timing of spend will determine the amount of actual prudential borrowing required.
- 4.2 Borrowing is also envisaged in 2021/22, 2022/23 and 2023/24 amounting to £18.660m to deliver General Fund projects which includes similar projects mentioned in 4.1: development projects, infrastructure (Cullompton Relief Road) and land acquisition schemes. Borrowing is only considered in exceptional circumstances, whether in relation to the projects detailed above or for spend to save projects following a robust cost/benefit analysis exercise that would be able to demonstrate both an acceptable 'payback period' and that savings would be generated in excess of the annual revenue cost of servicing the debt.

#### **5.0 Conclusion**

- 5.1 As previously mentioned, the Capital Programme for the next four years is limited due to the scarce availability of funding (with the exception of borrowing). It is, therefore, imperative that capital funds are only spent on those projects which enable the Council to deliver its Corporate Plan objectives or reduce operational cost or generate a financial return.
- 5.2 Due to the continuing austerity programme being implemented by Central Government the Council is beginning to explore more commercial options in order to balance budgets. Examples include regeneration projects and land or building acquisition; any such projects will need to be justified through robust business cases. Projects of this type will need significant capital funding either from existing receipts or from longer term borrowing. All Members will be kept informed of any developments in these areas.

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**Circulation of the Report:** Cabinet

**Background Papers:** Capital Bid Submissions and workings for MTFP

**File Reference** None

**MID DEVON DISTRICT COUNCIL**  
**MONITORING OF 2020/21 CAPITAL PROGRAMME**

Appendix 1

Code	Scheme	Approved Capital Programme 2020/21 £000's
	<b><u>General Fund Projects</u></b>	
	<b><u>Leisure</u></b>	
CA642	Reception infrastructure review - All sites	120
CA463	All Leisure Etarmis - Security Swipe - (linked to security project)	30
	<b><u>Phoenix House</u></b>	
CA487	Etarmis - Secuirty Swipe - (linked to securty project)	50
CA488	Boiler replacement & controls	90
	<b><u>General Car parks</u></b>	
CA489	MSCP Capital Project - Phase 2	589
	<b><u>MDDC Depot Sites</u></b>	
CA833	Carlu Close - Water containment for Water Transfer Station	80
CA832	Land acquisition for operational needs	400
	<b><u>MDDC Shops/Industrial Units</u></b>	
CA583	Market Walk - Flat roof replacement	30
	<b><u>Other Projects</u></b>	
CA491	Fire Dampeners - Corporate sites	80
CA485	GP Practice NHS Hub Building	75
CA490	West Exe South - Remodelling - additional parking spaces	90
	<b><u>HIF Schemes</u></b>	
CA719	Cullompton Town Centre Relief Road (HIF) bid	3,705
CA720	Tiverton EUE A361 Junction Phase 2 (HIF (bid)	250
	<b><u>ICT Projects</u></b>	
CA492	Final phase of Desktop estate replacement/refresh	50
	<b><u>Other General Fund Development Projects</u></b>	
CA493	Other projected 3 Rivers Borrowing	2,399
CA462	3 Rivers Scheme - Riverside Development (rear of Town Hall) Tiverton	2,528
CA486	3 Rivers scheme - Knowle Lane, Cullompton	7,192
CA581	Waddeton Park, Post Hill, Tiverton	3,605
		<b>21,363</b>
	<b><u>Private Sector Housing Grants</u></b>	
CG201	Disabled Facilities Grants-P/Sector	572
CG208	Wessex Reinvestment Trust Grants Scheme	75
		<b>647</b>
	<b>Total General Fund Projects</b>	<b>22,010</b>
	<b><u>HRA Projects - Existing Housing Stock</u></b>	
CA100	Major Repairs to Housing Stock	2,260
CA111	Renewable Energy Fund	150
CG200	Home Adaptations - Disabled Facilities	300
	<b><u>Housing Development Schemes</u></b>	
CA146	HRA Regeneration Scheme 1	2,000
CA147	Affordable Housing/Purchase of ex RTB	500
	<b>Total HRA Projects</b>	<b>5,210</b>
	<b>CAPITAL PROGRAMME GRAND TOTAL</b>	<b>27,220</b>

Code	Funding Stream	Approved Capital Programme 2020/21
		£000
	<b>General Fund Projects</b>	
9801	S106 & Affordable Housing Contributions	145
9990	General Capital Reserve	42
9701	Govt Grant (DCLG passported from DCC)	647
9727	New Homes Bonus (GF)	1,047
9980	Contribution from existing Useable Capital Receipts	70
9942	PWLB Borrowing	19,579
9990	ICT EMR	50
9959	HIF Funding	430
	<b>Total General Fund Projects</b>	<b>22,010</b>
	<b>HRA Projects</b>	
9980	* Useable Capital Receipts	1,111
	* Contribution from existing Useable Capital Receipts      £541k	
	* Balance to be generated in 2020/21                      £570k	
9710	MRA Reserve	2,260
9727	New Homes Bonus (HRA)	21
9980	UCR 1:4:1 replacement homes	750
9990	Renewable energy EMR	150
9990	Housing Maintenance Fund	846
9990	Affordable rents surplus EMR	72
	<b>Total HRA Projects</b>	<b>5,210</b>
	<b>Grand Total (GF &amp; HRA)</b>	<b>27,220</b>

	Estimated Capital Programme 2020/21 £k	Estimated Capital Programme 2021/22 £k	Estimated Capital Programme 2022/23 £k	Estimated Capital Programme 2023/24 £k	Total £k
<b><u>Estates Management</u></b>					
<b><u>Leisure - Site Specific</u></b>					
<b><u>Lords Meadow Leisure Centre</u></b>					
Dance Studio space challenge		220			220
Passenger lift upgrade		30			30
<b><u>Exe Valley Leisure Centre</u></b>					
Hanovia UV unit		35			35
Tennis court dome / multi purpose area			150		150
ATP replacement				250	250
Boilers and CHP		90			90
Mansafe roof harness point access				40	40
Fitness Studio equipment				214	214
<b><u>Culm Valley sports centre</u></b>					
Reception and managers office extension		90			90
Remodelling dance studio		150			150
External doors		50			50
ATP replacement			250		250
<b><u>Leisure - Other</u></b>					
Reception infrastructure review - all sites	120				120
All Leisure Etarmis - Security Wipe - (linked to security project).	30				30
<b>Total Leisure</b>					
	150	665	400	504	1,719
<b><u>Other MDDC Buildings</u></b>					
<b><u>Phoenix House</u></b>					
Cooling options AHU				150	150
Etarmis - Security Wipe - (linked to security project).	50				50
Mansafe roof harness point access				60	60
Automatic doors		80			80
Boiler replacement & controls	90				90
<b><u>General Car parks</u></b>					
MSCP Capital Project - Phase 2	589				589
<b><u>MDDC Depot sites</u></b>					
Carlu Close - Water containment for Waste Transfer Station	80				80
Carlu Close - Fuel tank			75		75
Industrial Estate- Kings Mill		100	100		200
Hard surfacing - Kings Mill		50			50
Land acquisition for operational needs	400				400
Depot Design and Build		250	3,500		3,750
<b><u>MDDC Shops/industrial Units</u></b>					
Market Walk - Flat roof replacement	30	30			60
Market walk - Phase 2 of landscaping improvements			55		55
<b><u>Play Areas</u></b>					
Open Space infrastructure		50	50		100
<b><u>Public Conveniences</u></b>					
West Exe South - Remodelling - additional parking spaces	90				90
<b><u>Other Projects</u></b>					
Fire dampeners - Corporate sites	80				80
MDDC CCTV Review & replacement		50			50
GP Practice NHS Hub Building	75				75
<b>Total Other</b>					
	1,484	610	3,780	210	6,084
<b><u>HIF Schemes</u></b>					
Cullompton Town Centre Relief Road (HIF bid)	3,705	4,141	6,504	0	14,350
Tiverton EUE A361 Junction Phase 2 (HIF bid)	250	4,700	3,200	0	8,150
<b>Total HIF Schemes</b>					
	3,955	8,841	9,704	0	22,500
<b><u>ICT Projects</u></b>					
Final phase of Desktop estate replacement/refresh	50	0			50
Hardware replacement of Network Core Switch which provides all voice and data connectivity for PH and remote sites.			80		80
Workstation refresh				50	50
Secure WIFI Replacement				25	25
MPLS Remote site contract ends July 2021 - Install costs		20			20
<b><u>Other ICT Service related projects</u></b>					
Replacement Access Database - Property Services		100			100
<b>Total ICT</b>					
	50	120	80	75	325
<b><u>Private Sector Housing Grants</u></b>					
Disabled Facilities Grants–P/Sector	572	577	581	586	2,316
Wessex Reinvestment Trust Grants Scheme	75				75
<b>Total PSH Grants</b>					
	647	577	581	586	2,391
<b>TOTAL GF PROJECTS</b>					
	6,286	10,813	14,545	1,375	33,019
<b><u>Other General Fund Development Projects</u></b>					
Other projected 3 Rivers Borrowing	2,399	1,085	0	0	3,484
3 Rivers Scheme - Riverside Development (rear of Town Hall) Tiverton	2,528	177			2,705
3 Rivers scheme - Knowle Lane, Cullompton	7,192	3,598			10,790
Waddeton Park, Post Hill, Tiverton	3,605	4,895	3,605	220	12,325
<b>TOTAL GF OTHER DEVELOPMENT PROJECTS</b>					
	15,724	9,755	3,605	220	29,304
<b>GRAND TOTAL GF PROJECTS</b>					
	22,010	20,568	18,150	1,595	62,323

HRA Projects

Existing Housing Stock

Major repairs to Housing Stock	2,260	2,260	2,260	2,260	9,040
Renewable Energy Fund	150	250	250	250	900
Home Adaptations - Disabled Facilities	300	300	300	300	1,200

\* Housing Development Schemes

HRA regeneration scheme 1	2,000				2,000
HRA regeneration scheme 2		1,500			1,500
HRA regeneration scheme 3			3,000		3,000
Garages Block - Redevelopment		800			800
Affordable Housing/ Purchase of ex RTB	500	500	500	500	2,000
* Proposed Council House Building / Other schemes subject to full appraisal					
Depot rationalisation	0	850			850

Total HRA Projects	5,210	6,460	6,310	3,310	21,290
	0				0
Total HRA ICT Projects	0	25	0	0	25
	0				0
GRAND TOTAL HRA PROJECTS	5,210	6,485	6,310	3,310	21,315
	0	0	0	0	0
					0
GRAND TOTAL GF + HRA Projects	27,220	27,053	24,460	4,905	83,638
	0	0	0	0	0

MDDC Funding Summary

General Fund

	2020/21 £k	2021/22 £k	2022/23 £k	2023/24 £k	Total £k
EXISTING FUNDS					
Capital Grants Unapplied Reserve	792	577	706	711	2,786
Capital Receipts Reserve	70	70	70	69	279
NHB Funding	1,047	1,013	442	477	2,979
Other Earmarked Reserves	92	62	123	118	395
HIF Funding	430	8,358	8,857	0	17,645
Subtotal	2,431	10,080	10,198	1,375	24,084
NEW FUNDS					
PWLB Borrowing	19,579	10,488	7,952	220	38,239
Subtotal	19,579	10,488	7,952	220	38,239
Total General Fund Funding	22,010	20,568	18,150	1,595	62,323
Housing Revenue Account					
EXISTING FUNDS					
Capital Receipts Reserve	1,861	1,711	2,161	707	6,440
NHB Funding	21	21	21	21	84
HRA Housing Maintenance Fund	846	2,146	1,546	0	4,538
Other Housing Earmarked Reserves	2,482	2,582	2,582	2,582	10,228
Subtotal	5,210	6,460	6,310	3,310	21,290
NEW FUNDS					
Revenue Contributions	0	25	0	0	25
Subtotal	0	25	0	0	25
Total Housing Revenue Account Funding	5,210	6,485	6,310	3,310	21,315
TOTAL FUNDING	27,220	27,053	24,460	4,905	83,638

## Cabinet 13 February 2020

### Capital Strategy 2020/21

**Cabinet Member:** Councillor Alex White  
**Responsible Officer:** Deputy Chief Executive (S151), Andrew Jarrett

**Reason for Report:** To agree the proposed Capital Strategy for 2020/21.

**RECOMMENDATION(S) that Cabinet recommend to Council that:**

1. The proposed Capital Strategy for 2020/21 is approved.

**Relationship to the Corporate Plan:** A strategic approach to Asset Management supports our Corporate Plan priorities of business retention; growth and development. Maximising our return from all associated treasury activities enables the Council to support current levels of spending in accordance with our Corporate Plan.

**Financial Implications:** Good financial management and administration underpins the entire strategy.

**Legal Implications:** Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

**Risk Assessment:** The S151 Officer is responsible for the administration of the financial affairs of the Council. A co-ordinated approach to Asset Management and Financial Planning will help mitigate the risks associated with holding and utilising assets. Financial risk is mitigated by sound Treasury Management practices and defined limits.

**Equality Impact Assessment:** No equality issues identified for this report.

**Impact on Climate Change:** There are no direct impacts from the content of this report.

### Overview

- 1.1 The capital strategy for 2020/21, gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.2 The strategy is designed to be a user-friendly document which can direct stakeholders to the relevant documents relating to Treasury decisions; Asset Management and the Capital Programme for the coming years. It provides a link between these activities and reiterates the need for these to be co-ordinated to support the objectives of the Corporate Plan.

## **2.0 Conclusion and Recommendation**

- 2.1 That Cabinet recommend to Council that: The proposed Capital Strategy for 2020/21 is approved.

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**Circulation of the Report:** Leadership Team and Cabinet Member



## **Capital Strategy Report 2020/21**

### **Introduction**

The capital strategy was first published in 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance Members' understanding of these sometimes technical areas. The aim of the strategy is to ensure that elected Members fully understand the overall policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

### **Capital Expenditure and Financing**

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy/build assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £20k are not capitalised and are charged to revenue in year.

The detail of our approach to capitalisation is shown in our Accounting Policies in the Statement of Accounts that we produce each year.

<https://www.middevon.gov.uk/media/347892/annual-accounts-2018-19.pdf>

In 2020/21, the Council is planning capital expenditure of £27.220m as summarised below:

*Table 1: Prudential Indicator: Estimates of Capital Expenditure*

	<b>2018/19 actual £m</b>	<b>2019/20 forecast £m</b>	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>
Non-HRA	948	2.240	9.816	15.708	18.150
HRA	6.030	4.359	5.210	6.485	6.310
Commercial activities/ non-financial investments *	2.639	7.995	12.194	4.860	0
<b>Total</b>	<b>9.617</b>	<b>14.594</b>	<b>27.220</b>	<b>27.053</b>	<b>24.460</b>

\*Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

The main capital projects budgeted for in 2020/21 include the following General Fund Schemes: £3.705m Cullompton Town Centre Relief Road (HIF Funded); Various in-flight projects by 3Rs £2.399m; 3Rs Riverside Development £2.258m; 3Rs Knowle Lane Development £7.192m; £3.605m Waddeton Park (75 Affordable Homes) and; HRA Schemes: £2.260m for major repairs to Housing Stock and £2.0m for Council House building schemes.

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

**Governance:** Service managers bid annually to include projects in the Council's capital programme. Bids are collated by Finance who calculate the financing cost (which can be nil if the project is fully externally financed). The relevant PDGs appraise all bids based on a comparison of service priorities against financing costs and makes recommendations to Cabinet. The final capital programme is then presented to Cabinet in February and to Council the same month each year.

- For full details of the Council's capital programme see report on this Agenda.

All capital expenditure must be financed, whether from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

*Table 2: Capital financing in £ millions*

	<b>2018/19 actual £m</b>	<b>2019/20 budget £m</b>	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>
PWLB Borrowing	2.686	21.354	19.579	10.488	7.952
New Homes Bonus	0.260	1.382	1.068	1.034	0.463
Housing Maint Fund	1.779	4.098	0.846	2.146	1.546
Capital Receipts Reserve	1.343	2.044	1.931	1.781	2.231
Other Housing EMRs	2.252	2.632	2.482	2.582	2.582
Capital Grants Unapplied	0.929	1.076	0.792	0.577	0.706
Heritage Enterprise Grant bid		0.600			
HRA/RCCO				0.025	
Housing Infrastructure Fund (HIF)		0.555	0.430	8.358	8.857
Homes and Communities Agency Grant (HCA)	0.183	0.733			
Other GF EMRs	0.185	0.719	0.092	0.062	0.123
<b>TOTAL</b>	<b>9.617</b>	<b>35.193</b>	<b>27.220</b>	<b>27.053</b>	<b>24.460</b>

Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP is as follows:

*Table 3: Planned MRP payments - £ millions*

	<b>2018/19 actual £m</b>	<b>2019/20 budget £m</b>	<b>2020/21 budget £m</b>	<b>2021/22 budget £m</b>	<b>2022/23 budget £m</b>
GF - MRP/Revenue	0.286	0.537	0.995	1.078	1.079
HRA - MRP/Revenue	0.977	0.972	0.972	1.005	1.005

- The Council's full minimum revenue provision / loans fund repayments statement is shown in Appendix 1 of the Treasury Management Strategy Statement

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP / loans fund repayments and capital receipts used to replace debt. The CFR is expected to increase by £22.271m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

*Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions*

	<b>31.3.2019 actual £m</b>	<b>31.3.2020 forecast £m</b>	<b>31.3.2021 budget £m</b>	<b>31.3.2022 budget £m</b>	<b>31.3.2023 budget £m</b>
General Fund services	6.800	7.771	19.034	25.609	32.678
Council housing (HRA)	42.189	41.439	41.957	41.147	40.208
Commercial activities/non- financial investments	2.259	10.204	20.695	25.302	0
<b>TOTAL CFR</b>	<b>51.248</b>	<b>59.415</b>	<b>81.686</b>	<b>92.058</b>	<b>72.886</b>

NB. Of the £22m increase, £10.491m relates to "in-flight" projects undertaken by 3 Rivers. There is an additional £3.380m which relates to the forward funding of Cullompton Relief Road.

## **Treasury Management**

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due to decisions taken in the past, the Council currently has £40.445m (as at 31/03/2020) borrowing (inc Finance leases) at an average interest rate of c2% and £29m treasury investments at an average rate of 0.74%.

**Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

Projected levels of the Council's total outstanding debt (which comprises borrowing, and leases are shown below, compared with the capital financing requirement (see above).

*Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions*

	<b>31.3.2019 actual £m</b>	<b>31.3.2020 forecast £m</b>	<b>31.3.2021 budget £m</b>	<b>31.3.2022 budget £m</b>	<b>31.3.2023 budget £m</b>
Debt (incl. leases)	41.027	40.445	56.084	63.812	47.909
Capital Financing Requirement	<b>51.248</b>	<b>59.415</b>	<b>81.686</b>	<b>92.058</b>	<b>72.886</b>

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 5, the Council expects to comply with this in the medium term.

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

*Table 6: Prudential Indicators: Authorised limit and operational boundary for external debt in £m*

	<b>2019/20 limit</b>	<b>2020/21 limit</b>	<b>2021/22 limit</b>	<b>2022/23 limit</b>
Authorised limit – borrowing/lease	72.0	95.0	105.0	86.0
Operational boundary – borrowing/lease	63.0	86.0	96.0	77.0

- Further details on borrowing are in pages 7 to 8 of the Treasury Management Strategy.

**Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to prioritise security and liquidity over yield, to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the Government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

*Table 7: Treasury management investments in £millions*

	<b>31.3.2019 actual</b>	<b>31.3.2020 forecast</b>	<b>31.3.2021 budget</b>	<b>31.3.2022 budget</b>	<b>31.3.2023 budget</b>
Near-term investments	18.5	17.0	15.0	15.0	15.0
Longer-term investments	5.0	5.0	5.0	5.0	5.0
<b>TOTAL</b>	<b>23.5</b>	<b>22.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>

- Further details on treasury investments are in the treasury management strategy.

**Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Deputy Chief Executive (S151) and staff, who must act in line with the treasury management strategy approved by Full Council annually. Reports on treasury management activity are presented to Cabinet three times per year.

## **Investments for Economic Development Purposes**

The Council makes investments to assist local public services, including making loans to other public sector bodies and the Council's subsidiary to promote economic development and provide an income stream. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it is still planned for such investments to generate a profit after all costs, and after conducting all appropriate due diligence.

In 2019/20 the Council approved a loan to fund a GP Surgery/NHS Hub in Crediton. Not only will this provide the Council with a return on its loan, it will also provide an important, modern NHS Hub in Crediton, replacing two existing GP Surgeries and offering further NHS services to the public.

**Governance:** Decisions on investments of this type are made by the relevant service manager in consultation with the Deputy Chief Executive (S151) and must meet the criteria and limits laid down in the Treasury Management Strategy Statement (TMSS). Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

## **Commercial Activities**

With Central Government financial support for local public services declining, the Council invests in Commercial Property for financial gain and for Economic Development purposes. It lends to its subsidiary 3 Rivers Developments Ltd to develop land and commercial income generating projects. We charge interest on loans to 3 Rivers at a commercial rate.

With economic development being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include the timing of debt repayments; development market values; development costs and profitability of the subsidiary. These risks are managed by due diligence of business cases. Although there is no cap on the level of lending between the Authority and the subsidiary, advance approval of the level of lending is required from Cabinet before the start of each financial year, with reference to the company's Annual Business Plan.

**Governance:** Decisions on commercial investments are made by the Deputy Chief Executive (S151) in conjunction with the Leadership Team members, in line with the criteria and limits approved by Council in the Treasury Management Strategy Statement (TMSS). Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved alongside the capital programme.

The Council also has commercial activities in retail properties, which expose it to normal commercial risks. The over-arching ethos behind these activities is economic

regeneration and retention of premises within the town centre rather than the income stream.

### **Asset Management**

In order to ensure we are allocating our resources in the most effective way, we maintain an Asset Management Plan (AMP). The AMP sets out the Council's approach to the Strategic Management of its land and building assets. It has been developed in consultation with the Senior Officers and members of the Council who form the Capital Strategy Asset Management Group (CSAG). The AMP seeks to ensure that assets are used in the most effective and efficient way to support the delivery of the Corporate Plan.

The AMP can be found here.

<https://www.middevon.gov.uk/media/343202/20160707amp-2016-2020-cabinet-2.pdf>

The AMP enables us to consider the best use of our assets by identifying those that require investment in planned maintenance; those that we should consider disposal of; those that could generate additional income from leasing out etc. These considerations will then inform our capital programme and funding decisions.

**Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council expects to receive £1.335m of capital receipts in the coming financial year as follows:

*Table 8: Capital receipts in £ millions*

	<b>2018/19 actual</b>	<b>2019/20 forecast</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>
Asset sales	1.463	1.828	1.335	1.335	1.335
Loans repaid	0	0	0	0	0
<b>TOTAL</b>	<b>1.463</b>	<b>1.828</b>	<b>1.335</b>	<b>1.335</b>	<b>1.335</b>

- Further details of planned asset disposals are in the attached capital programme.

### **Liabilities**

In addition to debt of £40.445m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £59.379m 2018/19).



**Governance:** The risk of liabilities crystallising and requiring payment is monitored by Finance and Legal. Any new material liabilities would be reported to Full Council for approval/notification as appropriate.

### **Revenue Budget Implications**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP) are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

*Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream*

%	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Non-HRA	0.09%	1.72%	6.88%	7.90%	7.66%
HRA	15.85%	16.17%	15.25%	15.34%	14.65%

- Further details on the revenue implications of capital expenditure are found in the attached Revenue Budget report.

**Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Deputy Chief Executive (S151) is satisfied that the proposed capital programme is prudent, affordable and sustainable because the Council has adequate means of financing and repaying any required borrowing.

### **Knowledge and Skills**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Deputy Chief Executive (S151) is a qualified accountant with 16 years' of experience and the Group Manager for Corporate Property and Commercial Assets is experienced across the full range of Property responsibilities. The Council employs eight finance staff who hold one or more of the following qualifications CIPFA, CIMA, ACCA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Link Asset Services as treasury management advisers and Ichabod Industries as technical advisers on accountancy matters. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

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**Cabinet**  
**13 February 2020**

**Treasury Management Strategy Statement**  
**Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2020/21**

**Cabinet Member:** Councillor Alex White  
**Responsible Officer:** Deputy Chief Executive (S151), Andrew Jarrett

**Reason for Report:** To agree the proposed Treasury Management Strategy and Annual Investment Strategy for 2020/21.

**RECOMMENDATION(S):**

**That the proposed Treasury Management Strategy and Annual Investment Strategy for 2020/21, including the prudential indicators for the next 3 years and the Minimum Revenue Provision Statement (Appendix 1), be approved.**

**Relationship to the Corporate Plan:** Maximising our return from all associated treasury activities enables the Council to support current levels of spending in accordance with our Corporate Plan.

**Financial Implications:** Good financial management and administration underpins the entire strategy.

**Legal Implications:** Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.

**Risk Assessment:** The S151 Officer is responsible for the administration of the financial affairs of the Council. Implementing this strategy and the CIPFA Code of Practice on Treasury Management manages the risk associated with the Council's treasury management activity.

**Equality Impact Assessment:** No equality issues identified for this report.

**Impact on Climate Change:** There are no direct impacts from the content of this report.

## **1.0 Background**

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need

of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

*“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

## **2.0 Reporting requirements**

### **2.1 Capital Strategy**

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;

- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the Council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operations, high-level comparators are shown throughout this report.

## 2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report)
  - The first, and most important report is forward looking and covers:
    - the capital plans (including prudential indicators);
    - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
    - the treasury management strategy (how the investments and borrowings are to be organised), including treasury indicators; and
    - an investment strategy (the parameters on how investments are to be managed).
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

**Scrutiny.** The above reports are required to be adequately scrutinised before being recommended to the Council. The Cabinet undertakes this role.

### **2.3 Treasury Management Strategy for 2020/21**

The strategy for 2020/21 covers two main areas:

#### **Capital issues**

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

#### **Treasury management issues**

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on the use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

### **2.4 Training**

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training requirements will be reviewed in 2020/21 and training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

### **2.5 Treasury management consultants**

The Council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

### 3.0 THE CAPITAL PRUDENTIAL INDICATORS 2020/21 – 2022/23

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

#### 3.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

<b>Capital expenditure £000</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
Non-HRA	948	2,240	9,816	15,708	18,150
HRA	6,030	4,359	5,210	6,485	6,310
Commercial activities/ non-financial investments *	2,639	7,995	12,194	4,860	0
<b>Total</b>	<b>9,617</b>	<b>14,594</b>	<b>27,220</b>	<b>27,053</b>	<b>24,460</b>

\* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc.

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

<b>Financing of capital expenditure £000</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
Capital receipts	1,343	670	1,931	1,781	2,231
Capital grants	1,112	1,931	1,222	8,935	9,563
Capital reserves	67	202	42	42	43
Revenue	4,408	3,756	4,446	5,807	4,671
<b>Net financing need for the year</b>	<b>2,687</b>	<b>8,035</b>	<b>19,579</b>	<b>10,488</b>	<b>7,952</b>

The net financing need for commercial activities / non-financial investments included in the above table against expenditure is shown below:

<b>Commercial activities / non-financial investments £000</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
Capital Expenditure	2,639	7,995	12,194	4,860	0
Financing costs			338	589	327
<b>Net financing need for the year</b>	<b>2,639</b>	<b>7,995</b>	<b>12,532</b>	<b>5,449</b>	<b>327</b>
Percentage of total net financing need %	98.2%	99.5%	64.0%	52.0%	4.1%

### 3.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £1.489m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

<b>£000</b>	<b>2018/19 Actual</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
<b>Capital Financing Requirement</b>					
CFR - non housing	6,800	7,771	19,034	25,609	32,678
CFR - housing	42,189	41,439	41,957	41,147	40,208
CFR - Commercial activities / non-financial investments	2,259	10,204	20,695	25,302	-
<b>Total CFR</b>	<b>51,248</b>	<b>59,415</b>	<b>81,686</b>	<b>92,058</b>	<b>72,886</b>
<b>Movement in CFR</b>		<b>8,167</b>	<b>22,271</b>	<b>10,372</b>	<b>(19,172)</b>

Note that the movement in CFR will not directly match the Net Financing Need (see 3.1) due to slippage in the capital programme. Of the £22m increase, £10.491m relates to "in-flight" projects undertaken by 3 Rivers. There is an additional £3.380m which relates to the forward funding of Cullompton Relief Road.



## 4.0 BORROWING

The capital expenditure plans set out in section 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

### 4.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2019, with forward projections, is summarised below. The table shows the actual external debt (the treasury management operations) against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

£000	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
<b>External Debt</b>					
Debt at 1 April	41,027	40,445	39,974	38,200	35,804
Expected change in Debt			16,110	25,612	12,105
Other long-term liabilities (OLTL)					
Expected change in OLTL					
Actual gross debt at 31 March	<b>41,027</b>	<b>40,445</b>	<b>56,084</b>	<b>63,812</b>	<b>47,909</b>
The Capital Financing Requirement	<b>51,248</b>	<b>59,415</b>	<b>81,686</b>	<b>92,058</b>	<b>72,886</b>
Under / (over) borrowing	<b>10,221</b>	<b>18,970</b>	<b>25,603</b>	<b>28,246</b>	<b>24,977</b>

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Deputy Chief Executive (S151) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 4.2 Treasury Indicators: limits to borrowing activity

**The operational boundary.** This is the limit which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR,

but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

<b>Operational boundary £000</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
Debt	63,000	86,000	96,000	77,000
Other long term liabilities				
Total	63,000	86,000	96,000	77,000

**The authorised limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

<b>Authorised limit £000</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
Debt	68,000	91,000	101,000	82,000
Other long term liabilities	4,000	4,000	4,000	4,000
Total	72,000	95,000	105,000	86,000

### 4.3 Prospects for interest rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>	<b>Mar-21</b>	<b>Jun-21</b>	<b>Sep-21</b>	<b>Dec-21</b>	<b>Mar-22</b>	<b>Jun-22</b>	<b>Sep-22</b>	<b>Dec-22</b>	<b>Mar-23</b>
Bank Rate View	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
5yr PWLB Rate	2.30%	2.30%	2.40%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%
10yr PWLB Rate	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%
25yr PWLB Rate	3.00%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%
50yr PWLB Rate	2.90%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.80%

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a "gradual pace and to a

limited extent". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

A more thorough economic outlook is detailed in appendices 2 and 3.

#### **4.4 Borrowing strategy**

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2020/21 treasury operations. The Deputy Chief Executive (S151) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long-term borrowing will be postponed.
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast*, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
- The Council will consider all external loan options available in the market including Public Works Loans Board, Banks, Other Local Authorities and the Municipal Bond Agency. The term and repayment profile of any loans will be determined by the periods we need finance. The level of borrowing will stay within the limits.

Any decisions will be reported to the Cabinet at the next available opportunity.

#### **4.5 Policy on borrowing in advance of need**

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

#### **4.6 Debt rescheduling**

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

If rescheduling is done, it will be reported to the Cabinet at the earliest meeting following its action.

#### **4.7 New financial institutions as a source of borrowing and / or types of borrowing**

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree to which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing but our advisors will keep us informed.

#### **4.8 Approved Sources of Long and Short term Borrowing**

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	
Banks	●	●
Finance leases	●	●

### **5.0 ANNUAL INVESTMENT STRATEGY**

#### **5.1 Investment policy – management of risk**

The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy (a separate report).

The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield (return).

The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. The Council has defined the list of **types of investment instruments** that the treasury management team are authorised to use. See Appendix 4 for a list.
5. **Lending and transaction limits** (amounts and maturity), for each counterparty will be set through applying the matrix table in section 5.2.
6. The Council will set a limit for the amount of its investments which are invested for **longer than 365 days** (see section 5.4).
7. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see section 5.3).
8. The Council has engaged **external consultants** (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of the Council in the context of the expected level of cash balances and need for liquidity throughout the year.
9. All investments will be denominated in **sterling**.

10. As a result of the change in accounting standards for 2019/20 under IFRS 9, the Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1 April 2018.)

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see section 5.5). Regular monitoring of investment performance will be carried out during the year.

The above criteria are unchanged from last year.

## 5.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Deputy Chief Executive (S151) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Asset Services, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty with the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
  - i. are UK banks; and/or
  - ii. are non-UK and domiciled in a country which has a minimum sovereign Long Term Fitch rating of AAA
 and have, as a minimum, a credit rating of F1 (Fitch), with regard for Moody's and Standard & Poor's credit ratings (where rated).
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. These banks can be included provided they continue to be part nationalised or meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Building societies – The Council will use all societies which:
  - i. Meet the Fitch rating for banks outlined above; and
  - ii. Have assets in excess of £1bn;
- Money Market Funds Fitch CNAV AAmmf/AAA
- Money Market Funds LNAV AAmmf/AAA
- Money Market Funds VNAV AAmmf/AAA
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities, Police, Fire, parish councils and other public bodies

**Use of additional information other than credit ratings.** Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

**Time and monetary limits applying to investments.** The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Short term Rating	Money and/or % Limit	Transaction Limit	Time Limit
<b>Banks 1 higher quality</b>	<b>F1</b>	<b>£5m</b>	<b>£5m</b>	<b>2yr</b>
<b>Banks 1 medium quality</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

<b>Banks 1 lower quality</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>Banks 2 – part nationalised</b>	<b>F1</b>	<b>£5m</b>	<b>£5m</b>	<b>1yr</b>
<b>Limit 3 category – Council’s banker (not meeting Banks 1)</b>	<b>F2/F3</b>	<b>£5m (call account)</b>	<b>£5m (call account)</b>	<b>1 day</b>
<b>Other institutions limit (including subsidiaries)</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>DMADF</b>	<b>UK sovereign rating</b>	<b>unlimited</b>	<b>unlimited</b>	<b>unlimited</b>
<b>Local authorities &amp; other public bodies</b>	<b>N/A</b>	<b>unlimited</b>	<b>unlimited</b>	<b>unlimited</b>
<b>Other Bodies</b>	<b>N/A</b>	<b>£3m</b>	<b>£3m</b>	<b>unlimited</b>
	<b>Fund Rating</b>	<b>Money and/or % Limit</b>	<b>Transaction Limit</b>	<b>Time Limit</b>
<b>Money Market Funds - CNAV</b>	<b>AAAmmf/AAA</b>	<b>£2m</b>	<b>£2m</b>	<b>liquid</b>
<b>Money Market Funds - LVNAV</b>	<b>AAAmmf/AAA</b>	<b>£2m</b>	<b>£2m</b>	<b>liquid</b>
<b>Money Market Funds - VNAV</b>	<b>AAAmmf/AAA</b>	<b>£2m</b>	<b>£2m</b>	<b>liquid</b>

The proposed criteria for specified and non-specified investments are shown in Appendix 4 for approval.

### **UK banks – ring fencing**

The largest UK banks (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits) are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will



continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings (and any other metrics considered), will be considered for investment purposes.

### 5.3 Other limits

Due care will be taken to consider the country, group and sector exposure of the Council's investments.

- a) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AAA. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
- b) **Other limits.** In addition:
  - no more than 30% of overall investment balances will be placed with any non-UK country at any time;
  - limits in place above will apply to a group of companies;
  - the Council will not hold more than £5m with any banking group;

### 5.4 Investment strategy

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

#### **Investment returns expectations.**

On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after, then Bank Rate is forecast to increase only slowly over the next few years to reach 1.25% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

- Q1 2021 0.75%
- Q1 2022 1.00%
- Q1 2023 1.25%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

2019/20	0.75%
2020/21	0.75%
2021/22	1.00%
2022/23	1.25%
2023/24	1.50%
2024/25	1.75%
Later years	2.25%

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal is agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

**Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Upper limit for principal sums invested for longer than 365 days	2020/21 (£m)	2021/22 (£m)	2022/23 (£m)
Principal sum invested for longer than 365 days but not exceeding 2 years.	5	5	5

For its cash flow generated balances, the Council will seek to utilise money market funds and short-dated deposits (overnight to 365 days) in order to benefit from the compounding of interest.

### 5.5 Investment performance / risk benchmarking

The Council will use an investment benchmark to assess the performance of its investment portfolio of 7 day LIBID.

### 5.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

### 5.7 Commercial and Non-Financial Investments

**Property Investments.** A limit of £5m will be applied to the use of non-specified investments. This principally relates to property funds, which is within the Local Authorities' Property Fund via CCLA.

**Non-Financial Investments.** On the 30<sup>th</sup> March 2017, Cabinet approved the establishment of a Special Purpose Vehicle – 3 Rivers Developments Limited and that the Council could lend to 3 Rivers Developments Ltd. This company is a subsidiary of Mid Devon District Council and has the sole purpose of property development.

There is no cap on the amount of money that can be loaned to 3 Rivers Developments Ltd. However, for each new project the company takes on, there is an individual loan agreement signed by the S151 Officer prior to any lending. All project spending / borrowing requirements are approved annually by Cabinet during March as part of the Annual Report/Business Plan.

Please refer to the Capital Strategy for a more detailed programme and borrowing streams.

## APPENDICES

1. Prudential and treasury indicators and MRP statement
2. Interest rate forecasts
3. Economic background
4. Treasury management practice 1 – credit and counterparty risk management
5. Approved countries for investments
6. Treasury management scheme of delegation
7. The treasury management role of the Section 151 Officer
8. Current list of eligible counterparties
9. Treasury Management Practices (TMPs)

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## APPENDIX 1

### 1.0 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2020/21 – 2022/23

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

#### 1.1 Capital expenditure

See section 3.1 for the breakdown of capital expenditure.

##### 1.1.1 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

##### Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Non-HRA	0.09%	1.72%	6.88%	7.90%	7.66%
HRA	15.85%	16.17%	15.25%	15.34%	14.65%

The estimates of financing costs include current commitments and the proposals in this budget report.

#### 1.2 Minimum Revenue Provision (MRP) Policy Statement

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Ministry of Housing, Communities & Local Government *Statutory Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently updated in 2018.

The broad aim of the MHCLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Based on CFR** – MRP will be based on the CFR.

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction)

These options provide for a reduction in the borrowing need over approximately the asset's life.

Finance leases will have their capital financing applied on a straight line basis over the life of the lease contract.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

The MRP requirement for a finance lease or PFI contract is deemed to be equal to the element of the charge/rent that goes to write down the balance sheet liability.

For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan.

Capital expenditure incurred during 2020/21 will not be subject to a MRP charge until 2021/22.

### 1.3 MRP Overpayments

A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2020, the total VRP overpayments were £0m.

## APPENDIX 2

### 2.0 INTEREST RATE FORECASTS 2020-2023

#### Link Asset Services Interest Rate View

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
5yr PWLB Rate	2.30%	2.30%	2.40%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%
10yr PWLB Rate	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%
25yr PWLB Rate	3.00%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%
50yr PWLB Rate	2.90%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.80%

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a trade deal within the short time to December 2020, as the prime minister has pledged.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit and the outcome of the general election. In its meeting on 7 November, the MPC became more dovish due to increased concerns over the outlook for the domestic economy if Brexit uncertainties were to become more entrenched, and for weak global economic growth: if those uncertainties were to materialise, then the MPC were likely to cut Bank Rate. However, if they were both to dissipate, then rates would need to rise at a “gradual pace and to a limited extent”. Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. There is still some residual risk that the MPC could cut Bank Rate as the UK economy is still likely to only grow weakly in 2020 due to continuing uncertainty over whether there could effectively be a no deal Brexit in December 2020 if agreement on a trade deal is not reached with the EU. Until that major uncertainty is removed, or the period for agreeing a deal is extended, it is unlikely that the MPC would raise Bank Rate.

**Bond yields / PWLB rates.** There has been much speculation during 2019 that the bond market has gone into a bubble, as evidenced by high bond prices and remarkably low yields. However, given the context that there have been heightened expectations that the US was heading for a recession in 2020, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We

have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated, as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

During the first half of 2019-20 to 30 September, gilt yields plunged and caused a near halving of longer term PWLB rates to completely unprecedented historic low levels. There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but also in the UK due to a correlation between US treasuries and UK gilts; at various times this correlation has been strong but at other times weak. However, forecasting the timing of this, and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence. Changes in UK Bank Rate will also impact on gilt yields.

One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty-year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious to other western economies.

Another danger is that unconventional monetary policy post 2008 (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt-fuelled boom that now makes it harder for central banks to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.



In addition, PWLB rates are subject to ad hoc decisions by **H.M. Treasury** to change the margin over gilt yields charged in PWLB rates: such changes could be up or down. It is not clear that if gilt yields were to rise back up again by over 100bps within the next year or so, whether H M Treasury would remove the extra 100 bps margin implemented on 9 October 2019.

Economic and interest rate forecasting remains difficult with so many influences weighing on UK gilt yields and PWLB rates. The above forecasts (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

### **Investment and borrowing rates**

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress was made with an agreed Brexit, then there is upside potential for earnings.

Borrowing interest rates were on a major falling trend during the first half of 2019-20 but then jumped up by 100 bps on 9 October 2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a major rethink of local authority treasury management strategy and risk management.

## APPENDIX 3

### 3.0 ECONOMIC BACKGROUND

#### UK

- **General election** December 2019 returned a large Conservative majority on a platform of getting Brexit done. UK to leave the EU by 31 January 2020.
- There is still considerable uncertainty about whether the UK and EU will be able to agree the details of a **trade deal** by the deadline set by the prime minister of December 2020. This leaves open the potential risks of a no deal or a hard Brexit.
- **GDP growth** has been weak in 2019 and is likely to be around only 1% in 2020.
- **November and December MPC meetings** were concerned about weak UK growth caused by the dampening effect of Brexit uncertainties and by weak global economic growth. There has been no change in Bank Rate in 2019.
- **CPI inflation** has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to, or under, 2% over the next two years and so it does not pose any immediate concern to the MPC.
- **Labour market.** Employment growth has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8%.
- **Wage inflation** has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

#### USA

- **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1% (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3; fears of a recession in 2020 have largely dissipated but growth is likely to be relatively weak.
- The strong growth in **employment numbers** during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening.
- **The Fed** finished its series of increases in rates to 2.25 – 2.50% in December 2018. It has cut rates by 0.25% in July, September and October to end at 1.50 – 1.75%.
- In August it also ended its programme of **quantitative tightening** (selling its holdings of treasuries etc. @ \$50bn per month during 2019).

- At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. In the first month, it will buy \$60bn.
- **Trade war with China.** The trade war is depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. However, progress has been made in December on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

## EUROZONE.

- **Growth** has been slowing from +1.8 % in 2018 to around half of that at the end of 2019; there appears to be little upside potential in the near future.
- **The European Central Bank (ECB)** ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt.
- However, the downturn in EZ growth in the second half of 2018 and during 2019, together with inflation falling well under the upper limit of its target range of 0 to 2% (but it aims to keep it near to 2%), has prompted the ECB to take various new measures to stimulate growth starting in March.
- However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September, it **cut its deposit rate** further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**. These purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme.
- It is doubtful whether the various monetary policy easing measures in 2019 will have much impact on growth and, unsurprisingly, the ECB has stated that governments would need to help stimulate growth by '**growth friendly**' fiscal policy.
- Several EU countries have **coalition governments**. More recently, Austria, Spain and Italy have been in the throes of trying to form coalition governments with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU.

## CHINA.

- Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and shadow banking systems. In addition, there still needs to be a greater switch from

investment in industrial capacity, property construction and infrastructure to consumer goods production.

## JAPAN

- It has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

## WORLD GROWTH – reversal of globalisation

- Until recent years, world growth has been boosted by **increasing globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support (i.e. subsidies) to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation.
- **This weak global growth outlook for 2020 and beyond therefore means that central banks are likely to come under more pressure to support growth by looser monetary policy measures; this will militate against central banks increasing interest rates and reversing the distortions in financial markets caused by a decade of ultra-low interest rates.**
- The trade war between the US and China has been a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US (though such fears have largely dissipated towards the end of 2019).
- These concerns resulted in **government bond yields falling sharply in 2019** in the developed world. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries (apart from

the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

## INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU**. On this basis, while GDP growth is likely to be subdued in 2019 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit in December 2020**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there were a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

## The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed since 2008. This means that the neutral rate of interest in an economy (i.e. the rate that is neither expansionary nor deflationary) is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

**Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:**

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments**. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the

shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.

- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

#### **Upside risks to current forecasts for UK gilt yields and PWLB rates**

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

**UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

## APPENDIX 4

### 4.0 TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

**SPECIFIED INVESTMENTS:** All investments with a high level of credit quality subject to a maturity limit of one year.

**NON-SPECIFIED INVESTMENTS:** Any investments that do not meet the specified investment criteria. These may be of a lower credit quality, for periods in excess of one year, or are more complex instruments which require a greater consideration by members and officers before being authorised for use. A maximum of £5m will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria	Max % of total investments / £ limit per institution	Max. maturity period
DMADF – UK Government	N/A	100%	Any
UK Government gilts	UK sovereign rating	100%	Any
UK Government Treasury bills	UK sovereign rating	100%	Any
Money Market Funds CNAV	AAAmmf/AAA	100%	Liquid
Money Market Funds LNAV	AAAmmf/AAA	£2m	Liquid
Money Market Funds VNAV	AAAmmf/AAA	£2m	Liquid
Local authorities	N/A	100%	Any
Term deposits with banks and building societies	F1 (Fitch) / £1bn asset base for building societies	£5m	2 Years



Term deposits with Non-UK banks and building societies	Sovereign Fitch rating of AAA	£3m	1 Year
Gilt funds	UK sovereign rating	100%	Any
Property funds	LA Property Fund	£5m	Ongoing

**Accounting treatment of investments.** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

**Non-specified investments.** A maximum of £5m will be held in aggregate in non specified investments.

## APPENDIX 5

### 5.0 APPROVED COUNTRIES FOR INVESTMENTS

#### AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

The sovereign ratings shown above are at 3 January 2019 from Link.

## **APPENDIX 6**

### **6.0 TREASURY MANAGEMENT SCHEME OF DELEGATION**

#### **(i) Full Council**

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

#### **(ii) Cabinet**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

#### **(iii) Cabinet**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

#### **(iv) Delegation from the Deputy Chief Executive (S151) to the nominated post(s) for the taking of the investment decisions:**

- Group Manager for Finance (Deputy S151)

## APPENDIX 7

### 7.0 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

#### The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe for example 25+ years;
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees;
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority;
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above;
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following
  - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*

- *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

## APPENDIX 8

### 8.0 CURRENT LIST OF ELIGIBLE COUNTERPARTIES

#### Counterparty Lending List as at 31/01/2020:

<b>UK Banks</b>			
	Fitch Credit Rating	Moody's Rating	S&P Rating
<b>Bank</b>	<b>Short Term</b>	<b>Short Term</b>	<b>Short Term</b>
HSBC Bank plc	F1+	P-1	A-1+
Bank of Scotland Plc	F1	P-1	A-1
Barclays Bank plc	F1	P-1	A-1
Close Brothers Ltd	F1	P-1	
Lloyds Bank Plc	F1	P-1	A-1
Goldman Sachs International	F1	P-1	A-1
Standard Chartered Bank	F1	P-1	A-1
Santander UK plc	F1	P-1	A-1
Sumitomo Mitsui Banking Corp Europe	F1	P-1	A-1
UBS	F1+	P-1	A-1
<b>Nationalised/Part Nationalised Banks</b>			
Royal Bank of Scotland Plc	F1	P-1	A-1
National Westminster Bank	F1	P-1	A-1

#### Building Societies

<b>Group Asset Ranking</b>		<b>Society Assets £m</b>	<b>Fitch Short Term</b>	<b>Year end</b>
1	Nationwide	238,301	F1	Apr-19
2	Coventry	46,071	F1	Dec-18
3	Yorkshire	43,055	F1	Dec-18
4	Skipton	23,204	F1	Dec-18
5	Leeds	19,390	F1	Dec-18
6	Principality	9,687	F2	Dec-18
7	West Bromwich	5,554	-	Mar-19
8	Nottingham	4,054	-	Dec-18
9	Newcastle	3,698	-	Dec-18
10	Cumberland	2,577	-	Mar-19
11	The Family	2,166	-	Dec-18
12	Progressive	1,839	-	Dec-18
13	Cambridge	1,455	-	Dec-18
14	Newbury	1,116	-	Dec-18
15	Monmouthshire	1,109	-	Apr-19

#### Note:

Not all of the top 20 Building Societies are Fitch rated, therefore we use the overall asset base in conjunction with the Fitch Rating to assess the lending criteria. The above list does not include Non-UK Banks or Building Societies as this does not at present form part of the Treasury Strategy.

## **APPENDIX 9**

### **9.0 TREASURY MANAGEMENT PRACTICES (TMPs)**

CIPFA lists 12 TMPs that the council are recommended to adopt. The Deputy Chief Executive (S151) will have delegated approval over the TMPs. Any recommendations from the Deputy Chief Executive (S151) will be submitted to Cabinet for review.

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## **CABINET 13 FEBRUARY 2020**

### **POLICY FRAMEWORK**

**Cabinet Member** Cllr R M Deed - Leader  
**Responsible Officer** Stephen Walford - Chief Executive

**Reason for Report:** To endorse the policy framework.

**RECOMMENDATION(S):** To recommend to Council that the Policy Framework be adopted.

**Financial Implications:** None arising from this report.

**Legal Implications:** The report is required by the constitution

**Risk Assessment:** Not updating the strategic policies of the Council would result in policies not being aligned to corporate objectives and an inefficient use of resources.

**Equality Impact Assessment:** There are no concerns with regard to equalities impact relating to the content of this report.

**Relationship to Corporate Plan:** An efficient and effective policy framework helps provide the infrastructure to deliver the corporate plan

**Climate Change:** Several policies within the Policy Framework have a direct link to climate change.

#### **1.0 Introduction**

- 1.1 The Policy Framework consists of both statutory documents that have to be adopted or approved by the Council as well as locally determined policies and strategies that form an integral part of the decision making process and their subsequent implementation.
- 1.2 A list of Strategies and Policies covered by the Framework is attached at Appendix 1.
- 1.3 It is recommended that these Strategies and Policies be formally approved as the Council's Policy Framework in accordance with the Constitution so far as they still apply and are relevant.
- 1.4 As new policies are approved by Council they will automatically be added to the Policy Framework.

#### **2.0 Way Forward**

- 2.1 Under the Budget and Policy Framework Procedure Rules, the Cabinet will be responsible for the implementation of the Budget and Policy Framework.

- 2.2 The purpose of this report therefore is to inform the Cabinet of their role in the implementation of the budget and policy framework, and highlighting to the Scrutiny Committee, Audit Committee and Policy Development Groups its work for the coming year.
- 2.3 The table therefore covers all strategic rather than operational policies and highlights those which are for Cabinet only approval and those which require full Council approval.

**Contact for more Information:**

Stephen Walford – Chief Executive

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**Circulation of the Report:** Councillor R M Deed, Cabinet Members and Leadership Team

Annexe 1						
Community Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Air Quality Action Plan	Group Manager for Public Health and Regulatory Services	Nov-17	Community PDG	Nov-21	Cabinet	4 yearly
Community Engagement <u>Strategy</u> (including Action Plan)	Director of Corporate Affairs & Business Transformation	Nov-18	Community PDG	Nov-20	Cabinet	2 yearly
Community Safety Partnership Plan	Group Manager for Public Health and Regulatory Services	Nov-18	Community PDG	Nov-20	Council	2 yearly
Corporate Anti Social Behaviour Policy	Director of Operations	Jan-18	Community PDG	Jan-21	Cabinet	3 yearly
Corporate Heath & Safety Policy	Director of Corporate Affairs and Business Transformation	Jan-20	Community PDG	Jan-21	Cabinet	Annually
Customer Care Policy	Director of Corporate Affairs & Business Transformation	Sep-18	Community PDG	Oct-21	Cabinet	3 yearly
Grant payments to external organisations (the strategic grants review process)	Group Manager for Growth, Economy & Delivery	Oct-16	Community PDG	Mar-21	Cabinet	4 yearly
Operations Directorate Enforcement Policy	Director of Corporate Affairs and Business Transformation	Mar-19	Community PDG	May-20	Cabinet	Annually
Safeguarding Children & Adults at Risk Policy and Procedures	Director of Corporate Affairs and Business Transformation	Feb-19	Community PDG	Feb-22	Cabinet	3 yearly
Single Equalities Policy and Equality Objective	Director of Corporate Affairs and Business Transformation	Nov-19	Community PDG	Nov-20	Cabinet	Annually
Town and Parish Charter	Director of Corporate Affairs and Business Transformation	Jan-18	Community PDG	Jan-21	Cabinet	3 yearly
Unauthorised Encampment Policy	Deputy Chief Executive (S151)	Feb-19	Community PDG	Feb-22	Cabinet	3 yearly
Contaminated Land Cost Recovery Policy	Group Manager for Public Health and Regulatory Services	Mar-15	Environment PDG	Mar-20	Cabinet	5 yearly

Environment Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Bereavement Services Fees and Charges	Deputy Chief Executive (S151)	May-18	Environment PDG	Mar-20	Cabinet	Annually
Climate Strategy and Action Plan	Group Manager for Corporate Property and Commercial Assets	Mar-16	Environment PDG	Mar-20	Cabinet	4 yearly
High Hedges Policy	Group Manager for Street Scene and Open Spaces	Aug-16	Environment PDG	Aug-23	Cabinet	7 yearly
Litter and Dog Bin Policy	Group Manager for Street Scene and Open Spaces	Jun-17	Environment PDG	Mar-20	Cabinet	3 yearly
National Assistance Burial Procedure	Deputy Chief Executive (S151)	Jun-19	Environment PDG	Jun-24	Cabinet	5 yearly
Open Space and Play Area Strategy (2013 - 2033)	Group Manager for Street Scene and Open Spaces	Jan-15	Environment PDG	Jan-33	Cabinet	18 yearly
Parks and Open Spaces 10 Year Management Plan and Design Principles	Group Manager for Street Scene and Open Spaces	Nov-17	Environment PDG	Nov-27	Cabinet	10 yearly
Play Area Safety Inspection Policy	Deputy Chief Executive (S151)	Aug-19	Environment PDG	Aug-22	Cabinet	3 yearly
Environment Educational Enforcement Policy	Group Manager for Public Health and Regulatory Services	Mar-17	Environment PDG	Mar-20	Cabinet	3 yearly
Tree Policy	Deputy Chief Executive (S151)	May-16	Environment PDG	May-21	Cabinet	5 yearly

Economy - Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Destination Management Plan for Mid Devon	Chief Executive and Director of Growth	Mar-18	Economy PDG	Mar-23	Economy PDG - Cabinet	Every 5 years
Economic Strategy 2019-2024 (formerly known as the Mid Devon Economic Development Strategy 2012 - 2015)	Chief Executive and Director of Growth	Feb-19	Economy PDG	Jan-24	Economy PDG - Cabinet	5 yearly
Joint Exeter and the Heart of Devon (EHOD) Economic Development Strategy (review progress against action plan only)	Chief Executive and Director of Growth	Jan-19	Economy PDG	May-20	Economy PDG - Cabinet	Annually
Market Environmental Strategy 2017-2022	Chief Executive and Director of Growth	Feb-18	Economy PDG	Feb-22	Economy PDG - Cabinet	Every 5 years
Shopfront Enhancement Schemes (£15k non-key)	Chief Executive and Director of Growth	Jan-19	Economy PDG	Jan-22	Economy PDG - Cabinet	3 yearly
Strategy for Tiverton 2017/27	Chief Executive and Director of Growth	Feb-17	Economy PDG	Feb-27	Economy PDG - Cabinet	Every 10 years
Joint Exeter and Heart of Devon (EHOD) Economic Development Strategy	Chief Executive and Director of Growth	Jan-17	Cabinet	Sep-20	Cabinet	3 Yearly

Homes Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Aids and Adaptations Policy	Director of Corporate Affairs and Business Transformation	Sep-16	Homes PDG	Sep-20	Cabinet	4 yearly
Allocations Policy and Procedures	Director of Corporate Affairs and Business Transformation	March 2016	Homes PDG	Mar-20	Cabinet	3 yearly
ASB Policy and Procedures	Director of Corporate Affairs and Business Transformation	Jul-15	Homes PDG	May-20	Cabinet	3 yearly
Car Parking Management Policy (housing amenity, residential and permit holder car parks).	Director of Corporate Affairs and Business Transformation	Jan-16	Homes PDG	Mar-20	Cabinet	4 yearly
Community Houisng Fund Grant Policy	Director of Corporate Affairs and Business Transformation	May-18	Homes PDG	May-22	Cabinet	4 yearly
Compensation Policy	Director of Corporate Affairs and Business Transformation	Jan-20	Homes PDG	Dec-29	Cabinet	10 yearly
Decant Policy	Director of Corporate Affairs and Business Transformation	Jan-17	Homes PDG	Jan-21	Cabinet	4 yearly
Domestic Abuse Policy	Director of Corporate Affairs and Business Transformation	Jul-15	Homes PDG	May-20	Cabinet	4 yearly
Fire Risk in Communal Areas Policy	Director of Corporate Affairs and Business Transformation	Jul-17	Homes PDG	Jul-21	Cabinet	4 yearly
Gararge Management Policy	Director of Corporate Affairs and Business Transformation	Jan-16	Homes PDG	Mar-20	Cabinet	4 yearly
Gas Safety Policy	Director of Corporate Affairs and Business Transformation	Sep-18	Homes PDG	Sep-22	Cabinet	4 yearly
Harrassment Policy	Director of Corporate Affairs and Business Transformation	Oct-19	Homes PDG	Oct-29	Cabinet	10 yearly
Hoarding Policy	Director of Corporate Affairs and Business Transformation	Oct-19	Homes PDG	Oct-29	Cabinet	10 yearly
Homelessness Strategy	Director of Corporate Affairs and Business Transformation	Dec-19	Homes PDG	Dec-24	Cabinet	5 yearly
Housing Assistance Policy, Devon wide (previously known as the Private Sector Renewal Policy)	Director of Corporate Affairs and Business Transformation	Mar-19	Homes PDG	Mar-20	Cabinet	Annually
Housing Enabling - SPD (S106 - Houisng Need Allocation - Exception Sites)	Director of Corporate Affairs and Business Transformation	May-17	Homes PDG	May-20	Cabinet	3 yearly
Housing Revenue Account Asset Management Strategy	Director of Corporate Affairs and Business Transformation	May-14	Homes PDG	Mar-20	Cabinet	5 Yearly

Homes Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Housing Strategy	Director of Corporate Affairs and Business Transformation	Jan-16	Homes PDG	Jan-21	Cabinet	5 yearly
Improvements to Council Property Policy	Director of Corporate Affairs and Business Transformation	Jan-20	Homes PDG	Dec-29	Cabinet	10 yearly
Income Management Policy	Director of Corporate Affairs and Business Transformation	Jan-20	Homes PDG	Dec-29	Cabinet	10 yearly
Introductory Tenancies Policy	Director of Corporate Affairs and Business Transformation	Sep-16	Homes PDG	Sep-20	Cabinet	4 yearly
Leasehold Management policy	Director of Corporate Affairs and Business Transformation	Dec-15	Homes PDG	May-20	Cabinet	4 yearly
Neighbourhood Management Policy	Director of Corporate Affairs and Business Transformation	Sep-18	Homes PDG	Sep-22	Cabinet	4 yearly
Pets and Animals policy	Director of Corporate Affairs and Business Transformation	Oct-19	Homes PDG	Oct-29	Cabinet	10 yearly
Private Sector Fees & Charges	Director of Corporate Affairs and Business Transformation	Mar-19	Homes PDG	Mar-20	cabinet	Annually
Recharge Policy	Director of Corporate Affairs and Business Transformation	Sep-18	Homes PDG	Sep-22	Cabinet	4 yearly
Service Standards Review	Director of Corporate Affairs and Business Transformation	Sep-16	Homes PDG	Sep-20	Cabinet	4 yearly
Severe Weather Emergency Protocol and Extended Winter Provision Protocol	Director of Corporate Affairs and Business Transformation	Jan-18	Homes PDG	Sep-20	Cabinet	2 yearly
Supply and Demand Policy	Director of Corporate Affairs and Business Transformation	Jan-19	Homes PDG	Jan-22	Cabinet	3 yearly
Telecare Policy	Director of Corporate Affairs and Business Transformation	Mar-17	Homes PDG	Mar-21	Cabinet	4 yearly
Tenancy Policy	Director of Corporate Affairs and Business Transformation	Aug-15	Homes PDG	May-20	Cabinet	4 yearly
Tenancy Changes Policy (formerly known as the 'Succession and Assignment Policy')	Director of Corporate Affairs and Business Transformation	Jun-16	Homes PDG	May-20	Cabinet	4 yearly
Tenancy Agreement	Director of Corporate Affairs and Business Transformation	Jul-16	Homes PDG	Jul-21	Cabinet	5 yearly
Tenancy Inspection Policy	Director of Corporate Affairs and Business Transformation	Jul-16	Homes PDG	Jul-20	Cabinet	4 yearly
Tenant Involvement Policy	Director of Corporate Affairs and Business Transformation	May-18	Homes PDG	May-22	Cabinet	4 yearly
Tenant Involvement Strategy	Director of Corporate Affairs and Business Transformation	May-18	Homes PDG	May-22	Cabinet	4 yearly

Homes Policy Development Group						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Tenancy Strategy (Formerly known as the Strategic Tenancy Policy) - <b><i>Awaiting Government Regulations on Tenancy Policies</i></b>	Director of Corporate Affairs and Business Transformation	Nov-12	Homes PDG	May-20	Cabinet	4 yearly
Void Management Policy	Director of Corporate Affairs and Business Transformation	Jan-19	Homes PDG	Jan-29	Cabinet	10 yearly
Vulnerability Policy	Director of Corporate Affairs and Business Transformation	Mar-17	Homes PDG	Mar-21	Cabinet	4 yearly



Licensing Committee						
Policy	Responsible Officer	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Hackney Carriage and Private Hire Policy and Conditions	Group Manager for Public Health and Regulatory Services	Nov-18	Regulatory Committee	Nov-21	Regulatory Committee	3 Yearly
Licensing Policy	Group Manager for Public Health and Regulatory Services	Nov-18	Licensing Committee	Oct-23	Council	5 yearly
Statement of Principles for Gambling Act 2005	Group Manager for Public Health and Regulatory Services	Oct-18	Licensing Committee	Oct-21	Council	3 Yearly

Audit Committee						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Annual Governance Statement and Governance Framework	Director of Corporate Affairs and Business Transformation	Jul-19	Audit Committee	Jul-20	Audit Committee	Annually
Anti-fraud and Corruption and Anti-Money Laundering Policies	Director of Corporate Affairs and Business Transformation	Nov-18	Audit Committee	Dec-22	Audit Committee	4 yearly
Debt Collection Policy	Deputy Chief Executive (S151)	Mar-18	Audit Committee	Mar-21	Cabinet	3 yearly
Data Quality Policy	Director of Corporate Affairs and Business Transformation	Nov-18	Audit Committee	Dec-22	Audit Committee	4 yearly
Financial and Contract Procedure Rules	Deputy Chief Executive (S151)	Jan-19	Audit Committee	Jan-22	Audit Committee - Full Council	3 yearly
Four year Strategic Audit Plan and Work Programme	DAP	Mar-19	Audit Committee	Mar-20	Audit Committee	Annually
Internal Audit Charter and Strategy	DAP	Mar-19	Audit Committee	Mar-20	Audit Committee	Annually
Risk and Opportunity Management Strategy	Director of Corporate Affairs and Business Transformation	Mar-19	Audit Committee	Mar-20	Audit Committee	Annually
Whistleblowing Policy	Director of Corporate Affairs and Business Transformation	Mar-17	Audit Committee	Mar-21	Audit Committee	4 yearly

Cabinet						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Statement of Community Involvement	Head of Planning, Economy and Regeneration	Aug-12	PPAG	Mar-20	Cabinet - Council	As and when required
Area of Special Control for advertisements	Head of Planning, Economy and Regeneration	Dec-11	PPAG	Linked to the Local Plan	Cabinet - Council	When required
Asset Management and Capital Strategy Plan 2016-2020	Deputy Chief Executive (S151)	Jul-16	Cabinet	Jul-20	Cabinet	4 years
Capital Strategy & Asset Management Plan 2016 - 2020	Deputy Chief Executive (S151)	Jul-16	Cabinet	Jul-20	Cabinet	4 yearly
Channel Access Strategy 2014-2017	Director of Corporate Affairs abd Business Transformation	Sep-18	Cabinet	Oct-21	Cabinet	3 years
Community Infrastrure Levy	Head of Planning, Economy and Regeneration	Dec-16	PPAG	As and when required as part of the Local Plan	Cabinet - Council	As and when required as part of the Local Plan
Complaints and Feedback policy	Director of Corporate Affairs and Business Transformation	Oct-18	Cabinet	Sep-21	Cabinet	3 years
Corporate Asbestos Policy	Deputy Chief Executive (S151)	Oct-15	Cabinet	Feb-20	Cabinet	3 years
Corporate Debt Recovery Policy	Deputy Chief Executive (S151)	Feb-18	Audit Committee - Cabinet	Feb-21	Cabinet	3 years
Corporate Plan (2016 - 2020)	Director of Corporate Affairs and Business Transformation	Mar-16	Cabinet	Mar-20	Cabinet - Council	4 yearly
Council Tax Reduction Scheme	Deputy Chief Executive (S151)	Dec-16	Cabinet	Feb-20	Cabinet	When required
Data Protection Policy	Director of Corporate Affairs and Business Transformation	Jun-19	Cabinet	Jun-22	Cabinet	Annually for the first year (2019) and then 3 yearly after that.
Discretionary Rate Relief Scheme	Deputy Chief Executive (S151)	Feb-19	Cabinet	Feb-20	Cabinet	Annually
Email Policy	Director of Corporate Affairs and Business Transformation	Dec-15	Cabinet Member for Community-Well-Being	Apr-20	Cabinet Member for Community Well-Being	5 Yearly
The Establishment	Director of Corporate Affairs and Business Transformation	Feb-19	Cabinet	Feb-20	Cabinet	Annually
Freedom of Information Policy	Director of Corporate Affairs and Business Transformation	Jun-19	Cabinet or Cabinet Member	Jun-22	Cabinet	Annually for the first year (2019) and then 3 yearly after that.
ICT Strategy	Director of Corporate Affairs and Business Transformation	Feb-19	Cabinet	Feb-24	Cabinet	5 yearly
Internet Policy	Director of Corporate Affairs and Business Transformation	Dec-15	Cabinet Member for the Working Environment and Head of ICT	Apr-20	Cabinet Member for the Working Environment	5 Yearly

Cabinet						
Policy	Head of Service	Last Approved	Group/Committee to review/develop	Expected date for next approval	Approval required from	Frequency to be reviewed
Leisure Pricing Policy	Deputy Chief Executive (S151)	Dec-19	Individual Decision by the Cabinet Member for Community Well Being	Dec-20	Cabinet	Annually
Local Development Scheme	Head of Planning, Economy and Regeneration	May-18	PPAG	As and when required as part of the Local Plan or GESP	Cabinet	As and when required as part of the Local Plan or GESP
Local Enforcement Plan (replaces Development Control Enforcement Policy)	Head of Planning, Economy and Regeneration	Jan-18	PPAG	Jan-21	Cabinet - Council	3 yearly
Medium Term Financial Strategy	Deputy Chief Executive (S151)	Oct-19	Cabinet	Oct-20	Cabinet	Annually
Pay Policy	Director of Corporate Affairs and Business Transformation	Feb-19	Cabinet	Feb-20	Cabinet - Council	Annually
Records Management Policy	Director of Corporate Affairs and Business Transformation	Jun-18	Cabinet	Jun-22	Cabinet	4 yearly
Treasury Management Strategy and Annual Investment Strategy	Deputy Chief Executive (S151)	Feb-19	Cabinet	Feb-20	Council	Annually
Information Security and Information Security Incident Policies	Director of Corporate Affairs and Business Transformation	Oct-18	Cabinet	Oct-21	Cabinet	3 yearly

## **CABINET FEBRUARY 13 2020**

### **ESTABLISHMENT**

**Cabinet Member(s):** Cllr Bob Deed, Cllr Nikki Woollatt  
**Responsible Officer:** Matthew Page, Group Manager for HR

**Reason for Report:** To inform Members of the overall structure of the Council showing the management and deployment of officers. This report should be read in conjunction with the functions of individual officers highlighted in the Constitution.

**RECOMMENDATION:** The Cabinet is asked to recommend to Council the Establishment.

**Financial Implications:** Financial risk will only occur where the structure of a service changes without adherence to allocated budgets.

**Legal Implications:** In accordance with article 14 of the Constitution.

**Risk Assessment:** If the establishment is not appropriately managed and reviewed then service delivery will be put at risk.

**Equality Impact Assessment:** No equality issues highlighted in this report.

**Relationship to Corporate Plan:** This report highlights the Establishment figures and, as such, supports our aim to reduce costs without affecting service quality and continuity.

**Impact on Climate Change:** No climate change issues highlighted in this report.

### **1.0 Introduction/Background**

- 1.1 Under Article 14 of the Mid Devon District Council Constitution, the Chief Executive is required to report to full Council on the manner in which the discharge of the Council's functions is coordinated, the number and grade of officers required and the organisation of officers (see Structure Charts).

### **2.0 Structure of the Council**

- 2.1 There has been a good amount of progress made in providing practical solutions and expertise to support the Council with the delivering of its objectives. The creation of a new all staff consultative group, a new sickness absence policy (see section 4) and the development of the competency framework are some of the highlights from the past six months. There is a lot more to do however, particularly in improving the quality of line management (informal) interventions and delivering the all-important skills review (audit) this autumn.

### 3.0 Establishment

- 3.1 The FTE as at 1 December 2019 was 432.18 (including 12 Apprentices) compared to 419.92 (including 15 Apprentices) as at 1 December 2018. The small rise in staff in Finance and Operations is partly down to vacancies being included in the establishment which have not been filled (so the establishment looks fuller than it actually is).
- 3.2 There was also the recruitment of some additional posts including the addition of a Group Manager in Revenues and Benefits. Some Operations departments have made a concentrated effort to reduce casual workers but have allocated more hours to the actual establishment to cover service delivery (eg Leisure).

Directorate	FTE 2019	FTE 2018
Chief Executive	4.86	4.86
Corporate Affairs	60.24	62.01
Finance & Assets	54.13	49.87
Operations	270.9	259.81
Planning	42.05	43.38
Total	432.18	419.92

### 4.0 Sickness Absence

- 4.1 Sickness absence continues to be managed and support is provided to assist employees on long term sickness back to work. The current data below indicates a decrease of 0.4 days lost per FTE during the monitoring period compared to last year.

Monitoring Period	Days Lost	Long Term Absence (15+ days)	Short Term Absence (less than 15 days)
1 Dec 2018 – 30 Nov 2019	3564 (average 8.2 per employee)	1628 (average 3.7 per employee)	1936 (average 4.5 per employee)
1 Dec 2017- 30 Nov 2018	3635 (average 8.6 per employee)	1884 (average 4.4 per employee)	1750 (average 4.1 per employee)

- 4.2 Out of an average headcount of 524 members of staff, 150 had no recorded sickness absence during the 12 month monitoring period which equates to 28% of the workforce.

- 4.3 The table below provides a breakdown of both Long and Short Term absence by reason with the highest highlighted in red during the period 1 December 2018 to 30 November 2019.

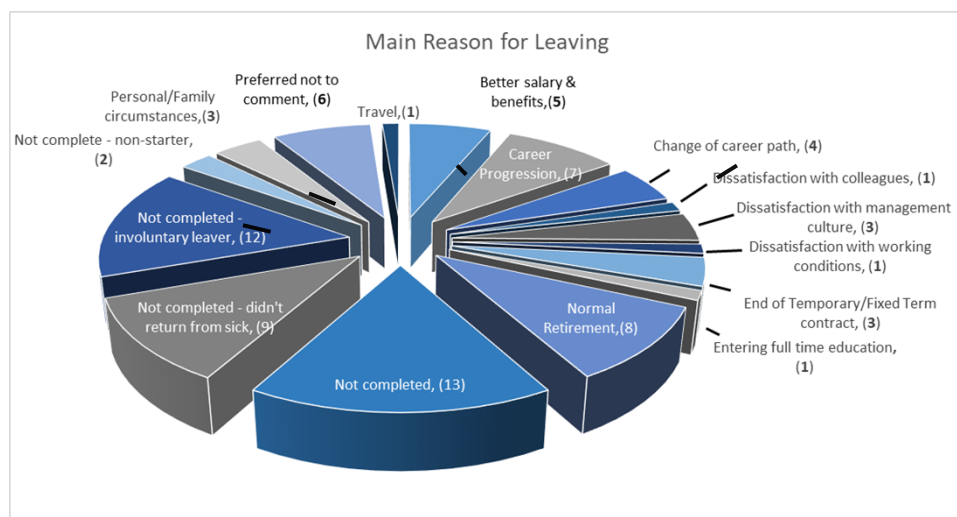
Reason	Long Term days	Short Term days	Total Days Lost
Back & Neck	103	111	214
Chest & Respiratory	151	96	247
Eye, ear, nose & mouth	55	123	178
Genitourinary/gynaecological	116	37	153
Heart, Blood Pressure	49	38	87
Infection	69	476	545
Musculo-skeletal	406	177	583
Neurological	0	98	98
Pregnancy related	0	6	6
Skin disorder	0	24	24
Stomach, liver, Kidney	63	380	443
Stress, mental health	616	302	918
Industrial Injury	0	9	9
Other	0	59	59
<b>Total</b>	<b>1628</b>	<b>1936</b>	<b>3564</b>
<b>Days Lost per employee</b> (total days/FTE)	<b>3.77</b>	<b>4.48</b>	<b>8.25</b>

- 4.4 A new Sickness Absence Policy has been brought in from the 1 February 2020 to improve the quality of management interventions around sickness. Key changes include the requirement for employees to directly certify their sickness to their line manager on the first day of their sickness, a new guideline that we would not expect any employee to exceed 6 days of sickness in the rolling year and clearer advice on how to manage short term and long term sickness.
- 4.5 The statistics detailed above in 4.3 show the number of days lost due to short term sickness higher than the days lost due to long term sickness. This is unusual and suggests that we require a more robust approach to managing short term sickness. The policy looks to help improve this aspect of management performance.

## 5.0 Turnover

- 5.1 The annual turnover rate to December 2019 is 14.7%. During the 12 month monitoring period 77 employees left the council; 55 were resignations, 8 were retirements, 11 dismissals and 3 end of fixed term contract.

- 5.2 Turnover is higher than at the same stage of the reporting cycle last year (11.73%). This is in part down to restructuring carried out in different parts of the business but also to some difficult capability, conduct and sickness issues that have needed to be addressed.



## 6.0 Looking Forward

- 6.1 Leadership Team and the recently formed Corporate Management Team will continue to review both the make-up and content of our Establishments to ensure they are robust and market ready.
- 6.2 The successful implementation of the new Sickness Absence policy is vital to reducing short term absence and subsequent pressures eg agency spend. This will be a key area of focus for the Group Manager for HR and the management teams across the Council.
- 6.3 The carrying out of the skills review (audit) in October of this year will be a key milestone in terms of our workforce planning and us knowing the wider strengths and development opportunities in our employees. This will help further develop and focus our talent development.
- 6.4 The regular provision of workforce data (quarterly) will allow us to better understand our establishment performance eg turnover, vacancy rate, and compare this to our financial and operational performance eg agency spend.

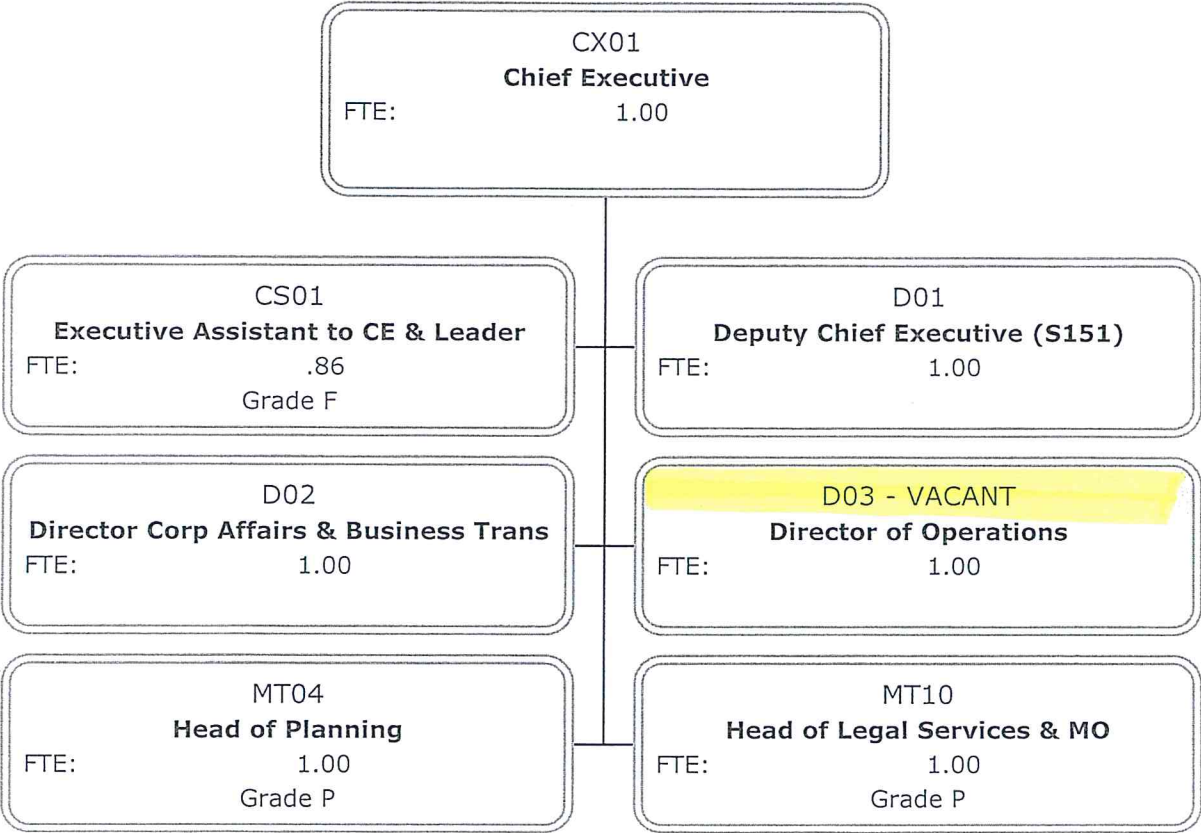
**Contact for more Information:** Matthew Page, Group HR Manager (01884 234919 / [mpage@middevon.gov.uk](mailto:mpage@middevon.gov.uk))

**Circulation of the Report:** Cllr N Woollatt, Cabinet, Leadership Team

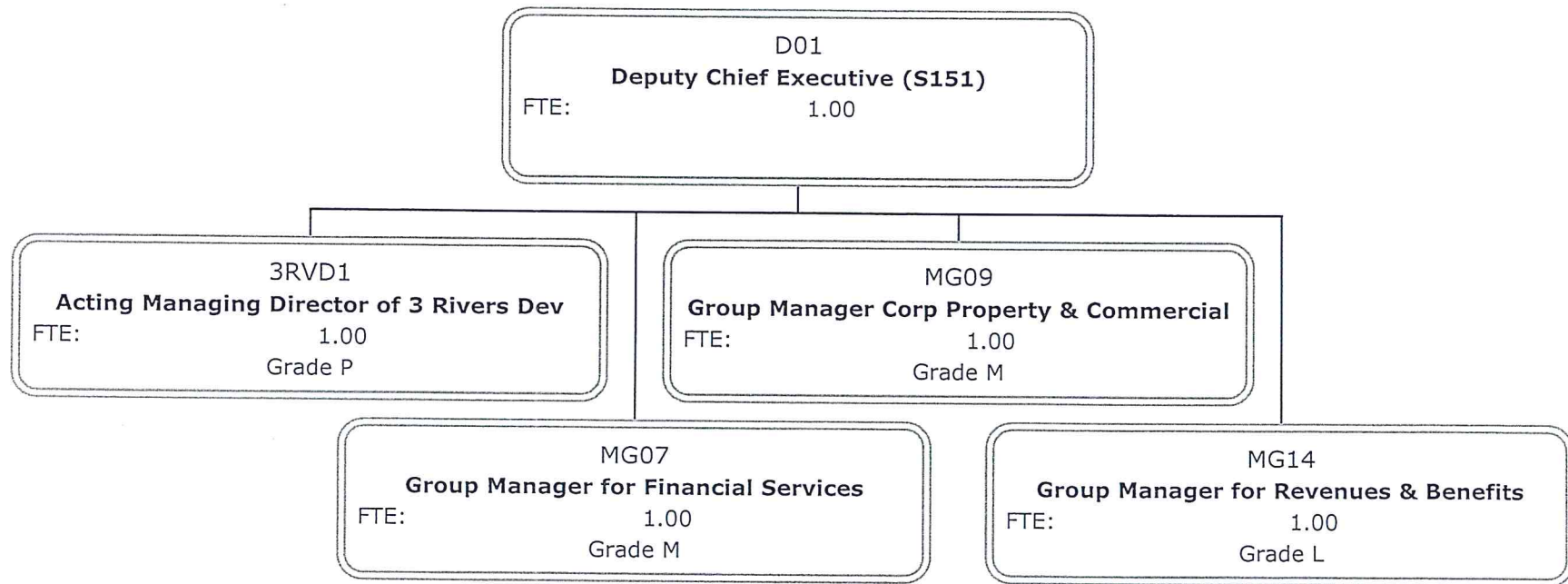
**List of Background Papers:** Establishment Report 2019, Structure Charts



# Chief Executive

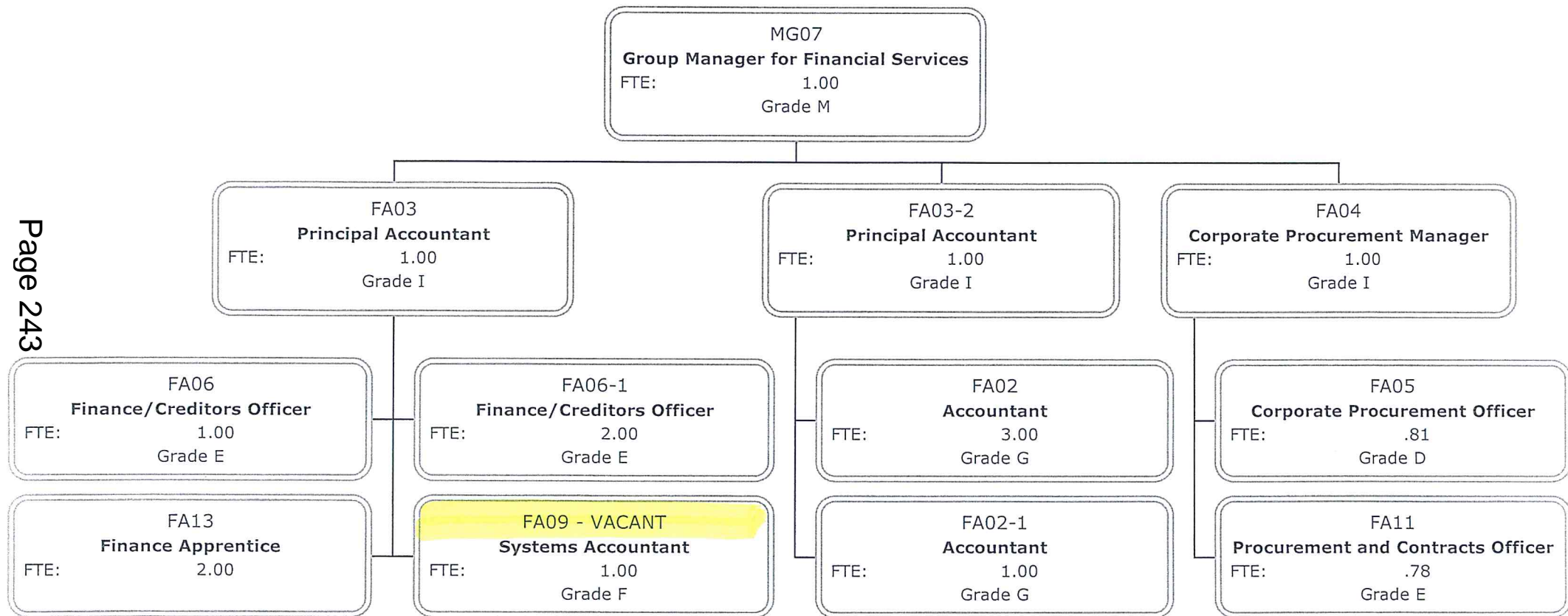


Deputy Chief  
Executive (S151)

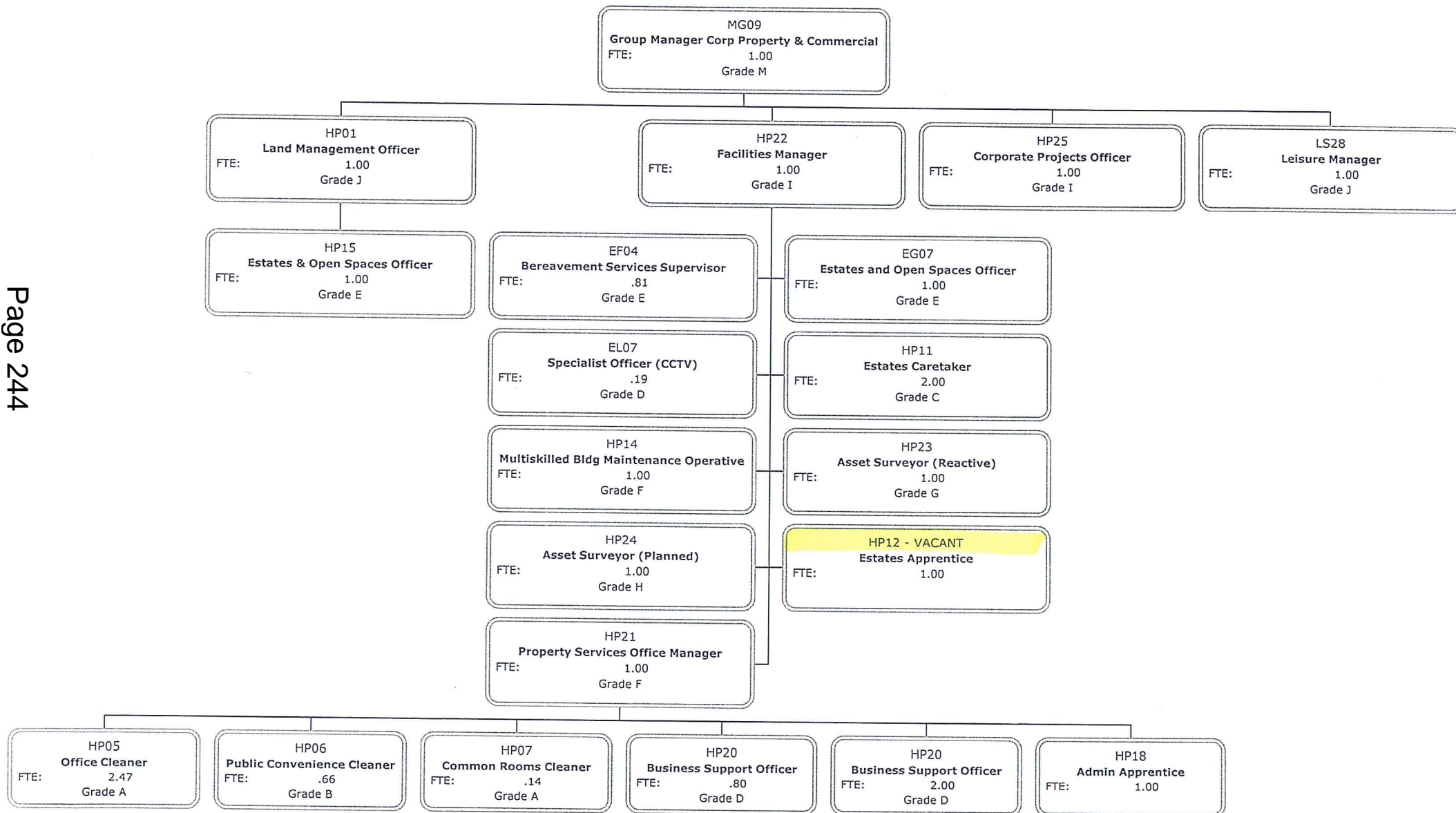


# Finance

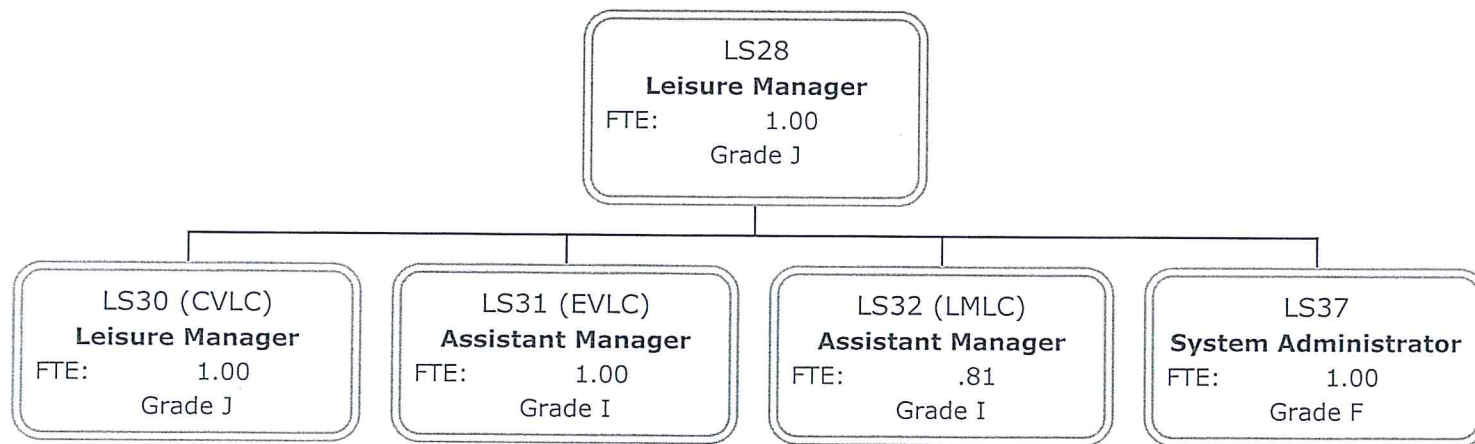
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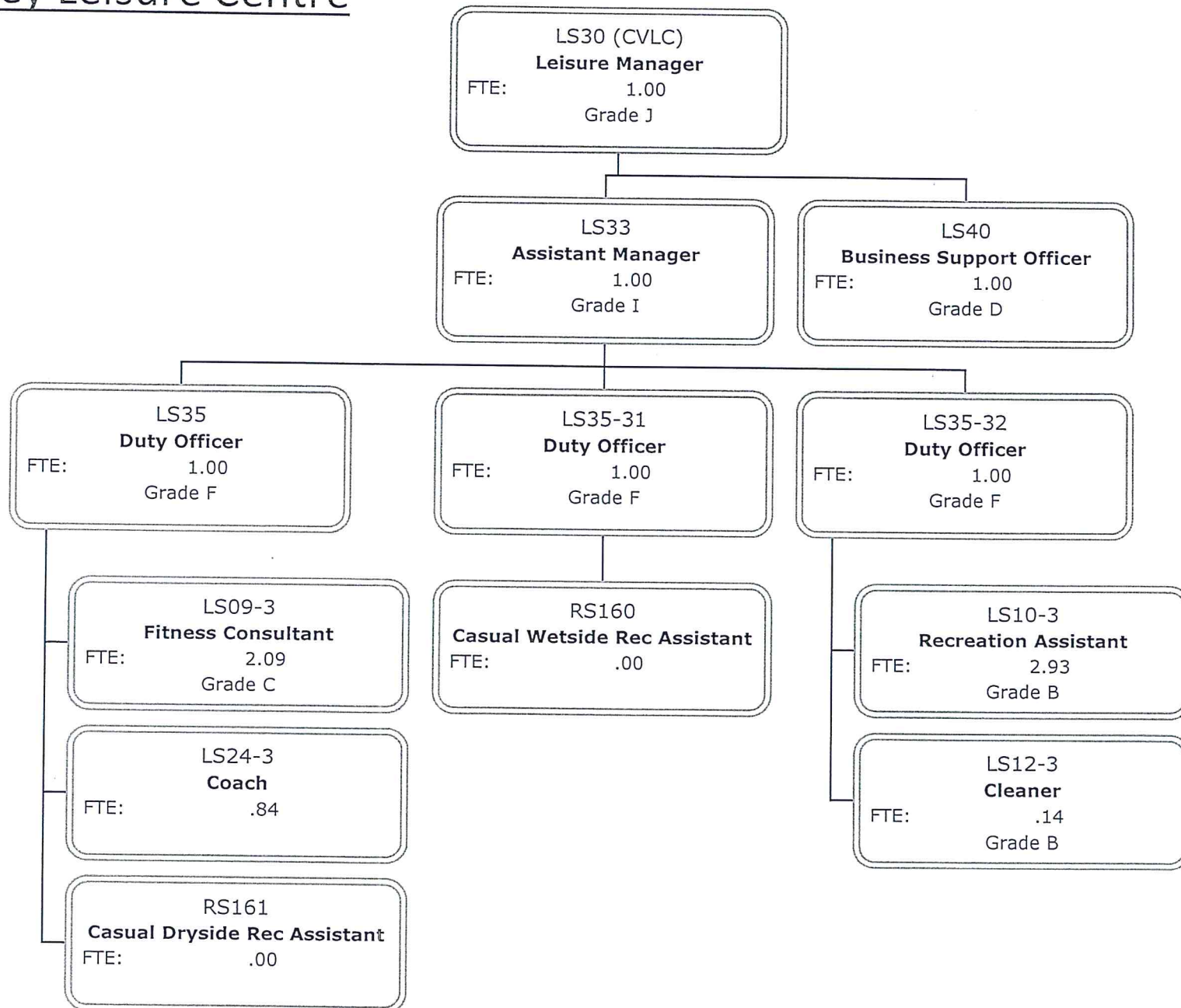
# Property Services



## Leisure

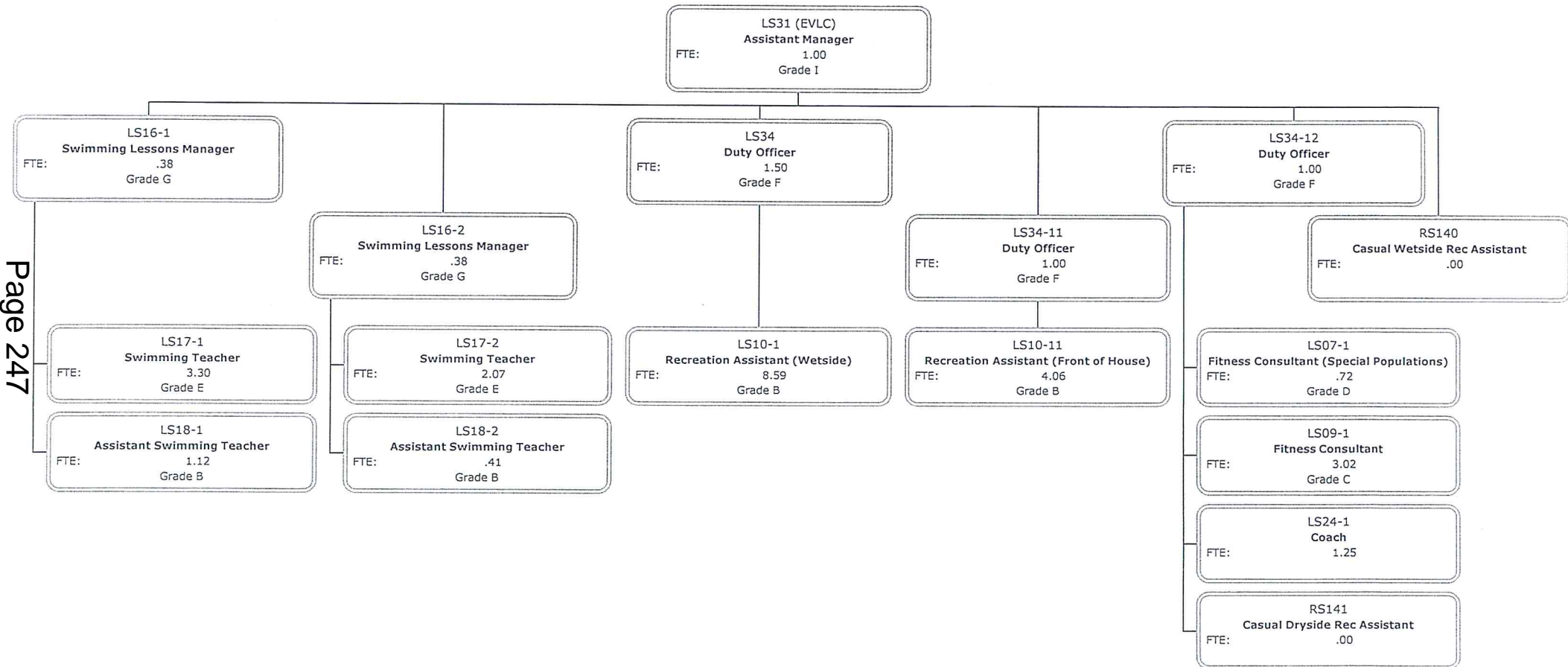


# Culm Valley Leisure Centre

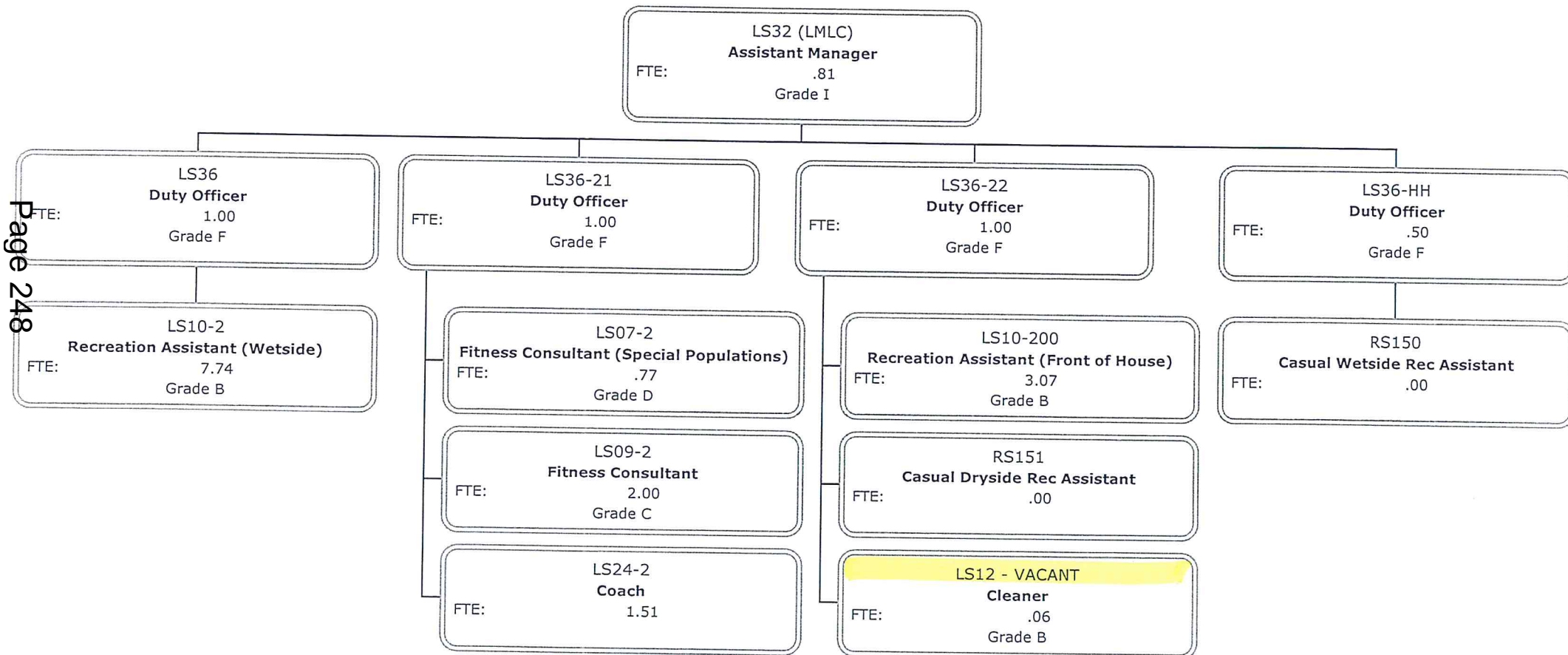




# Exe valley Leisure Centre

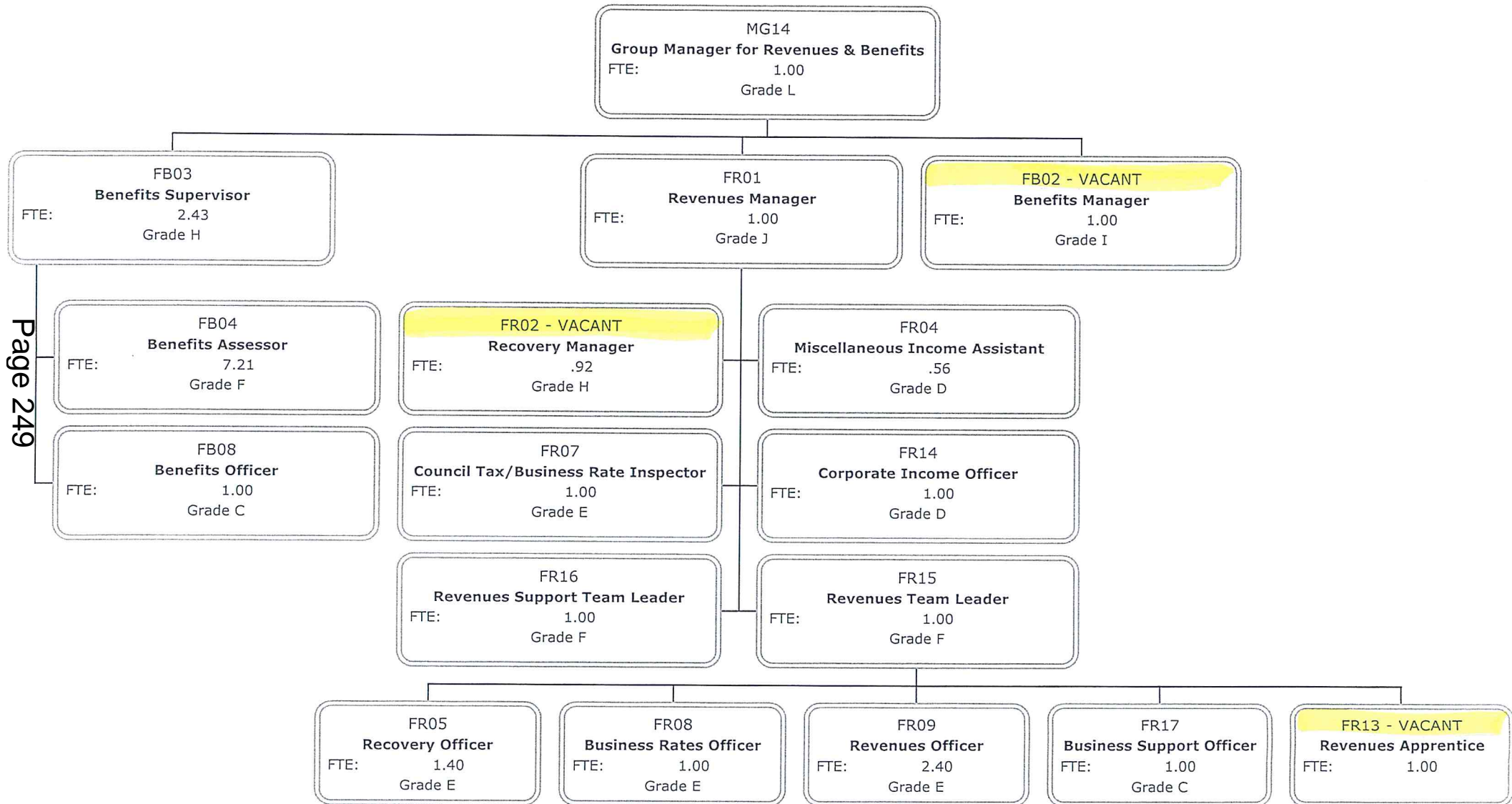


# Lords Meadow Leisure Centre

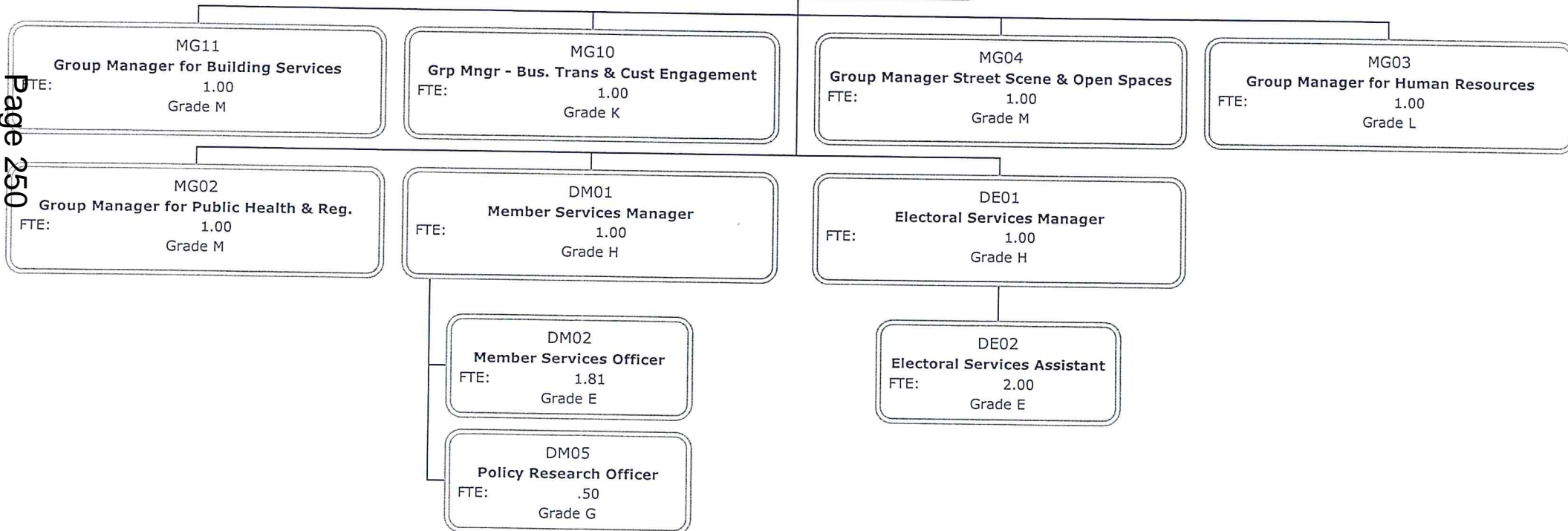
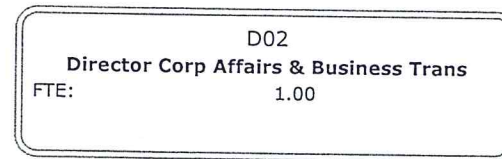




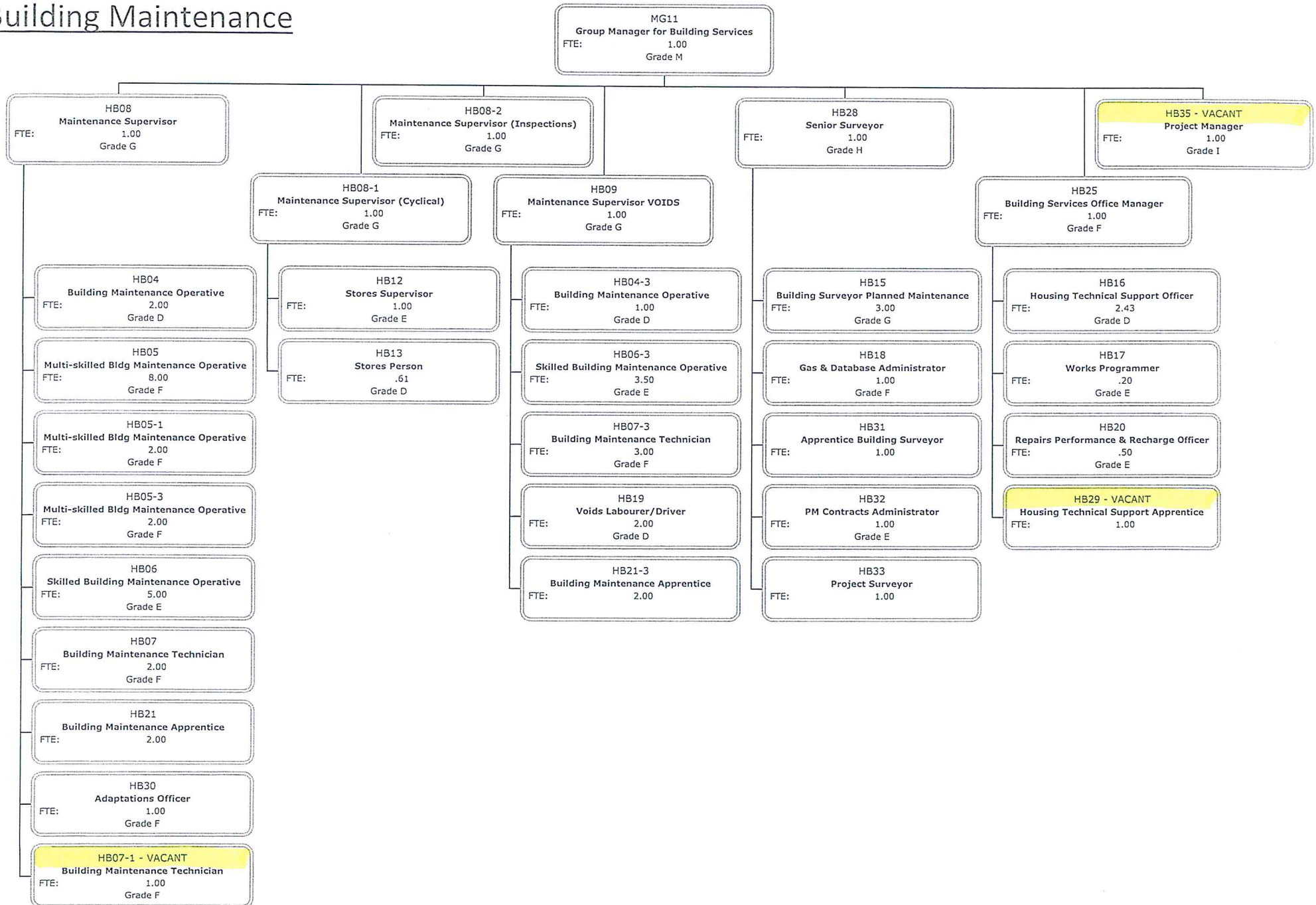
## Revenues & Benefits



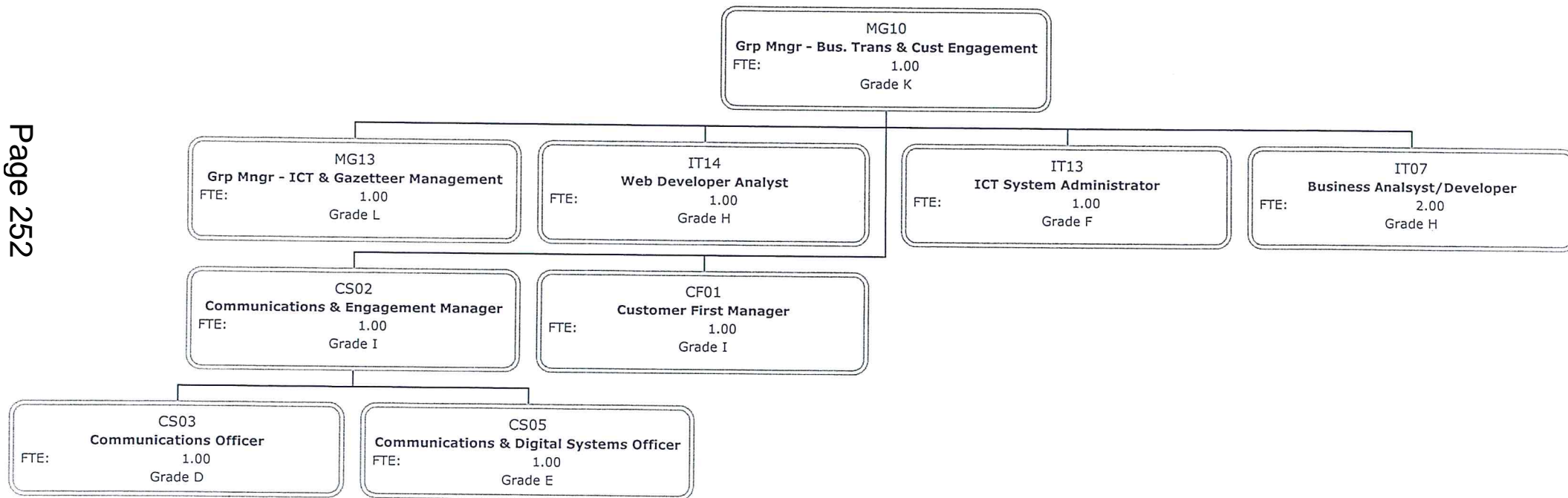
## Corporate Affairs & Business Transformation



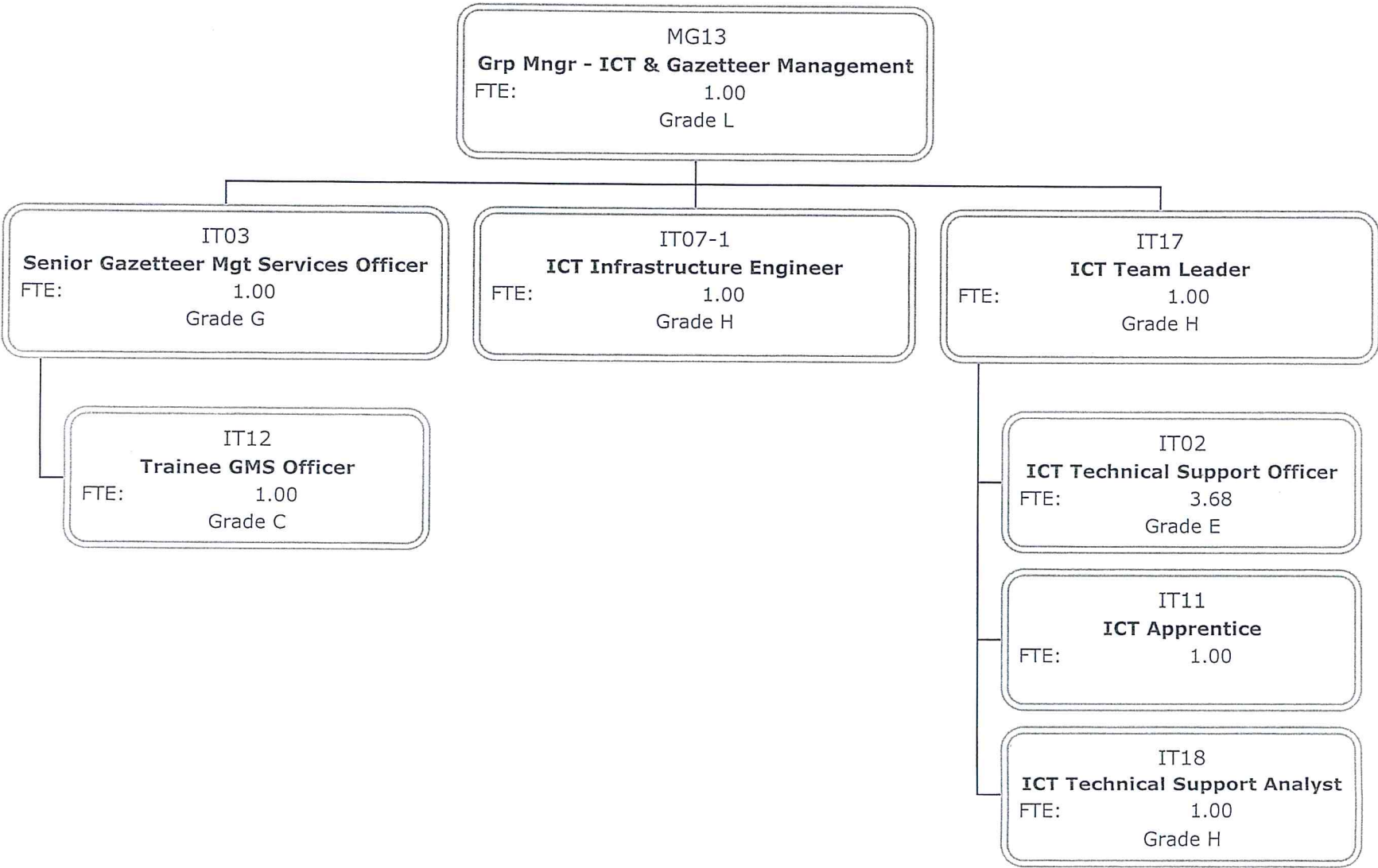
# Building Maintenance



## Business Transformation & Customer Engagement

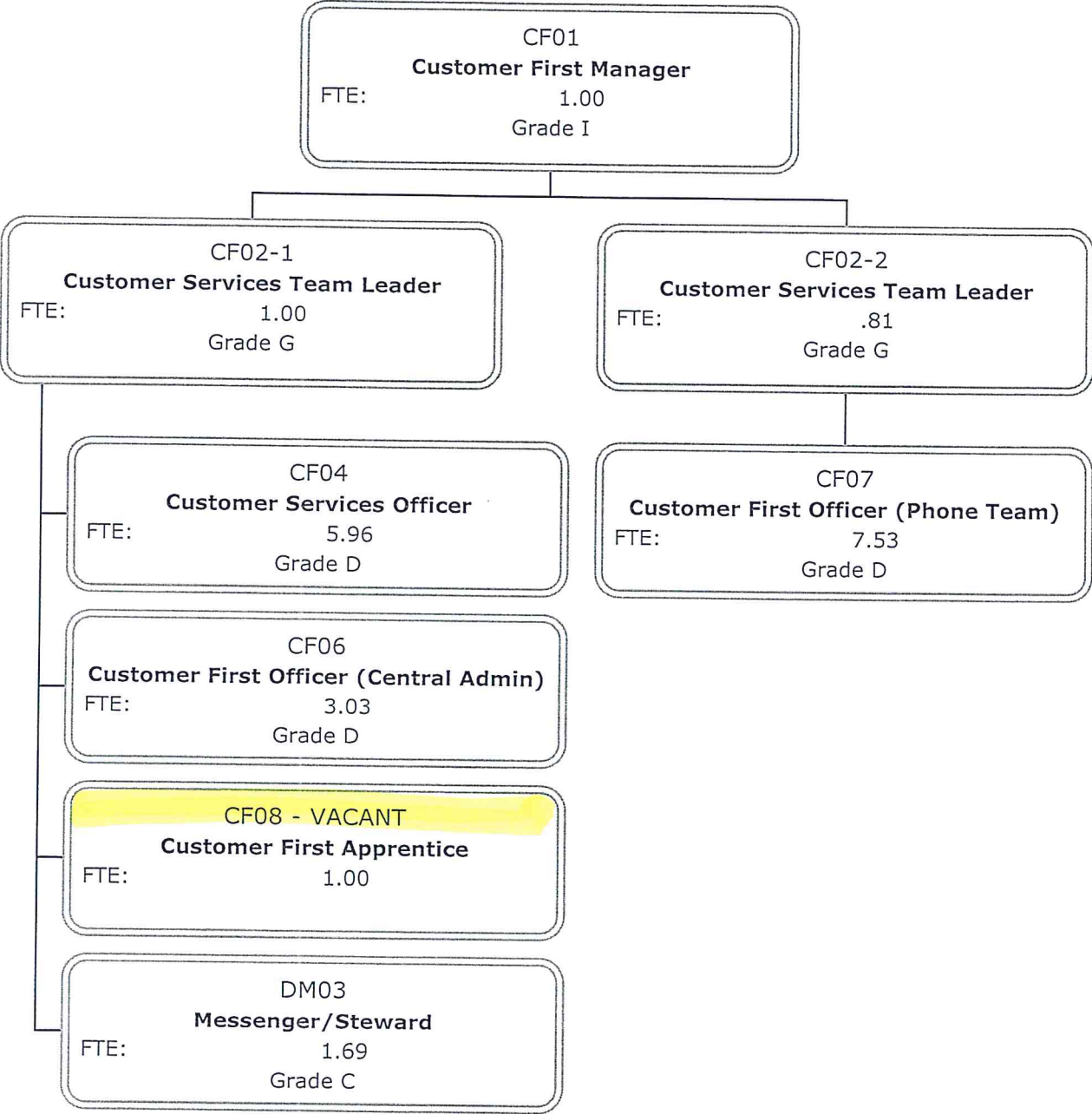


# ICT & Gazetteer Management

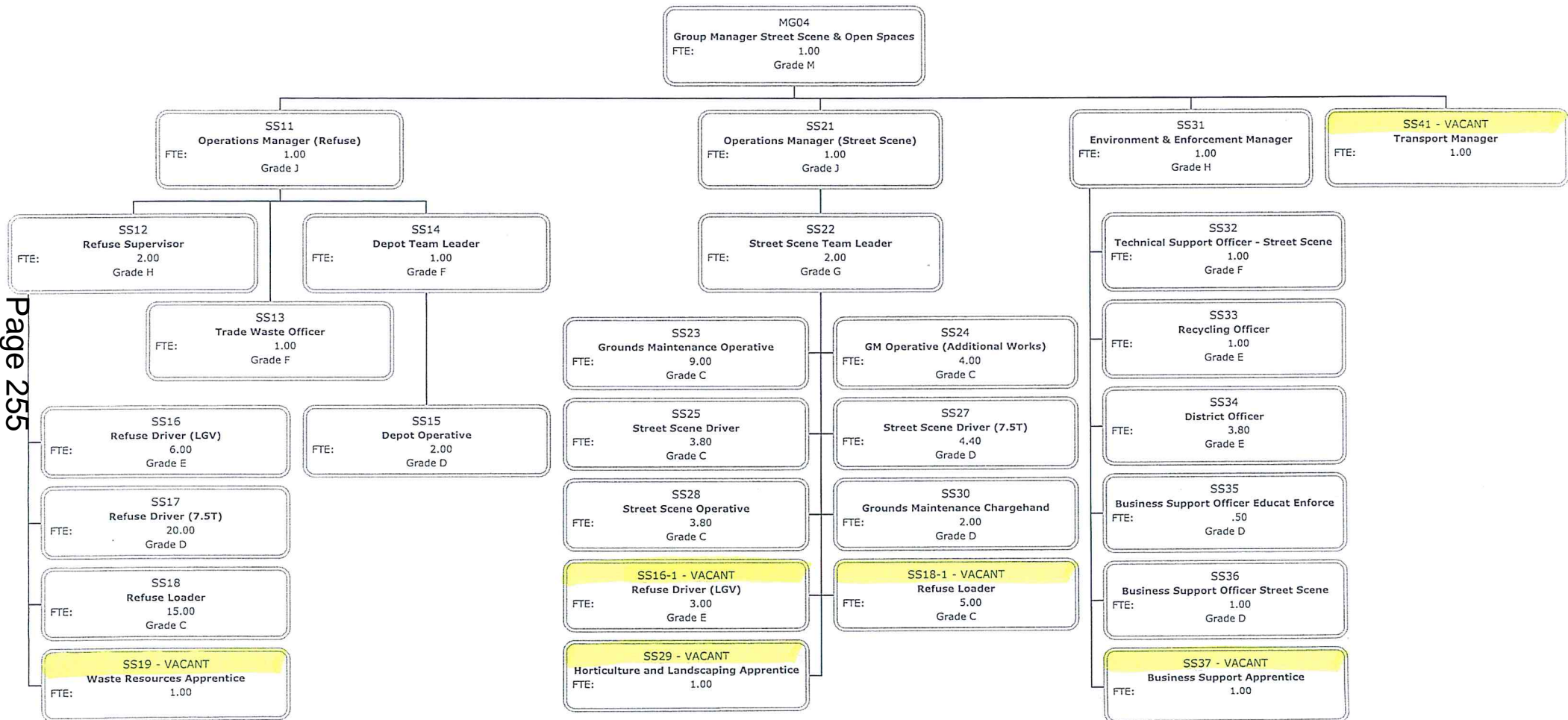




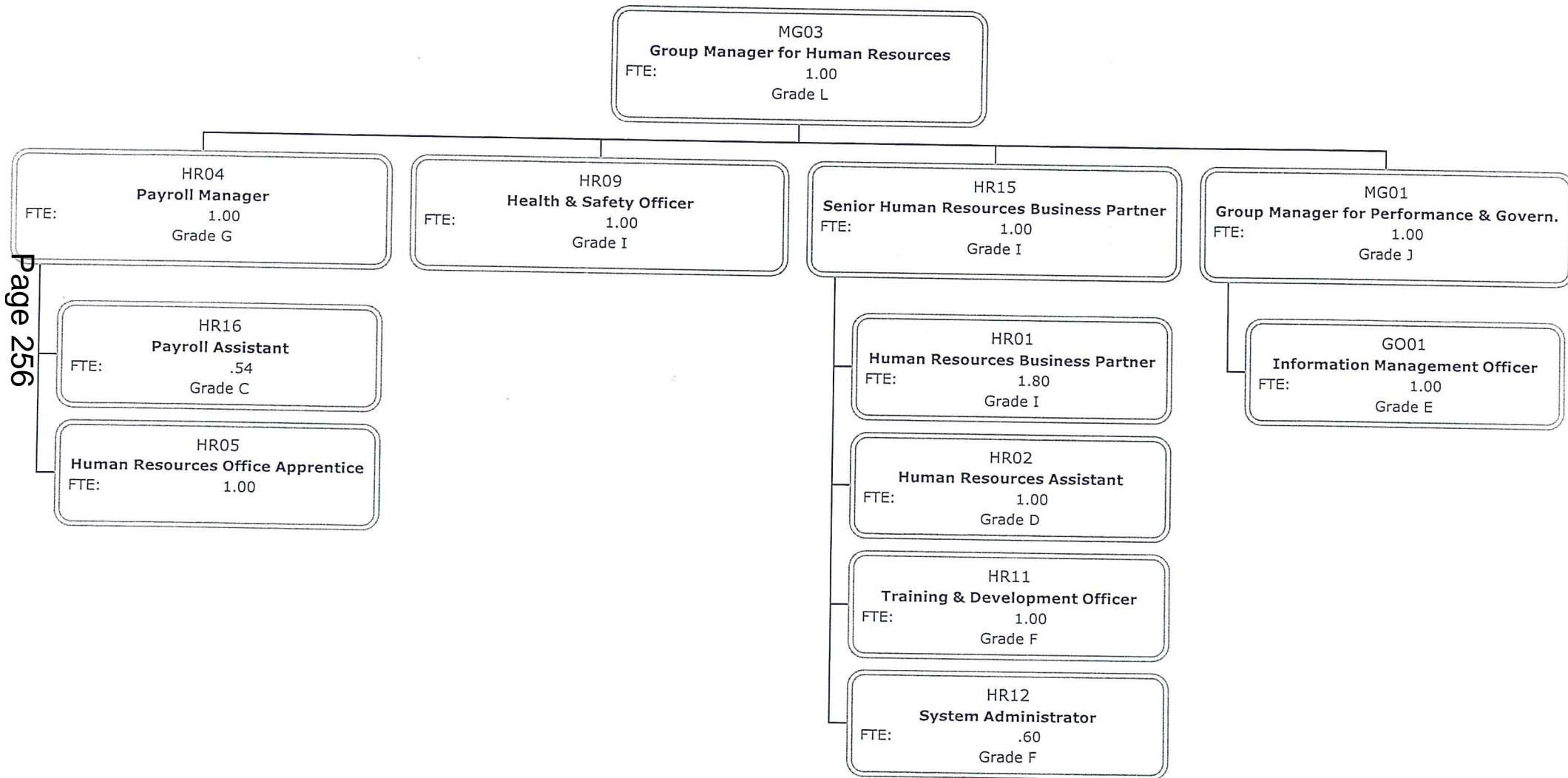
Customer Services



# Street Scene & Open Spaces

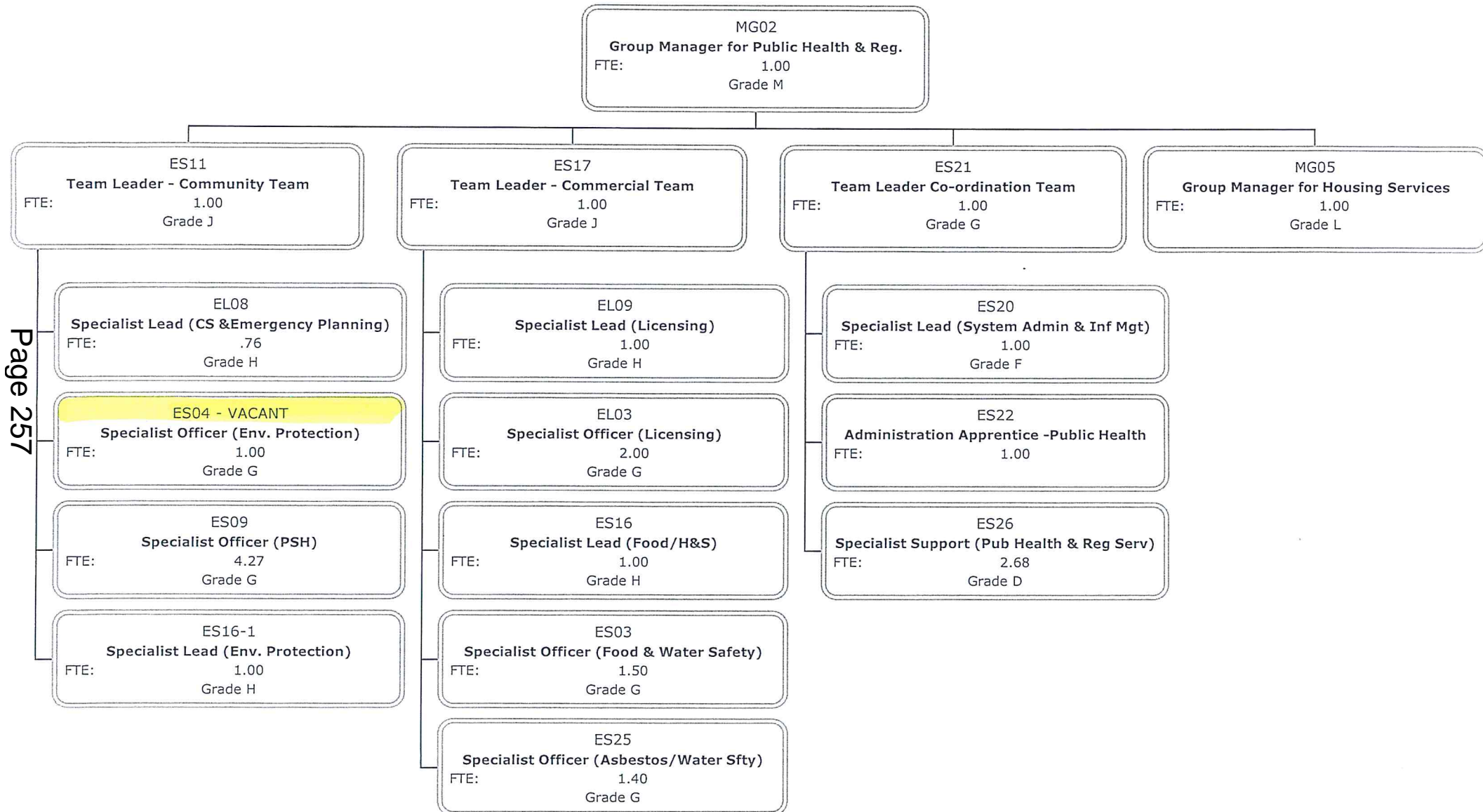


## Human Resources

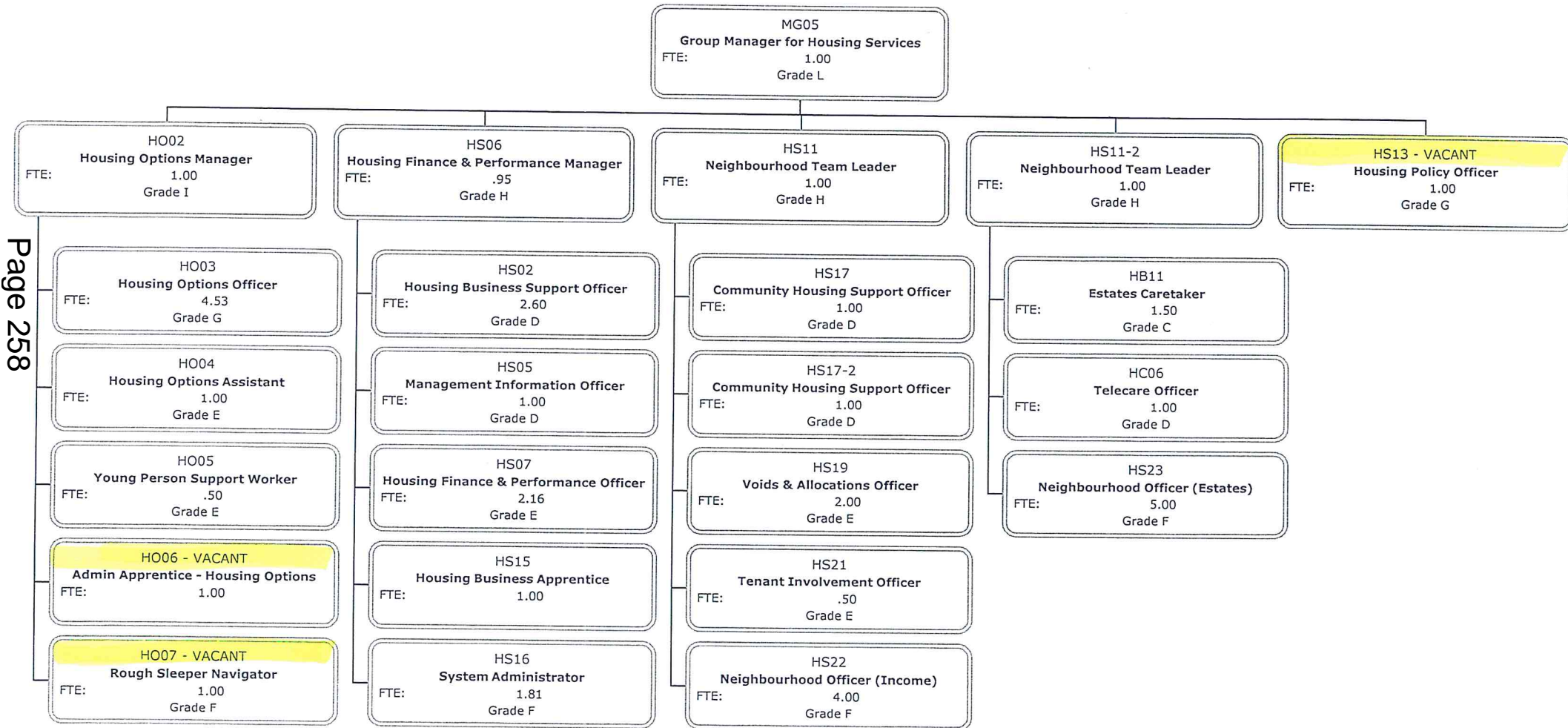




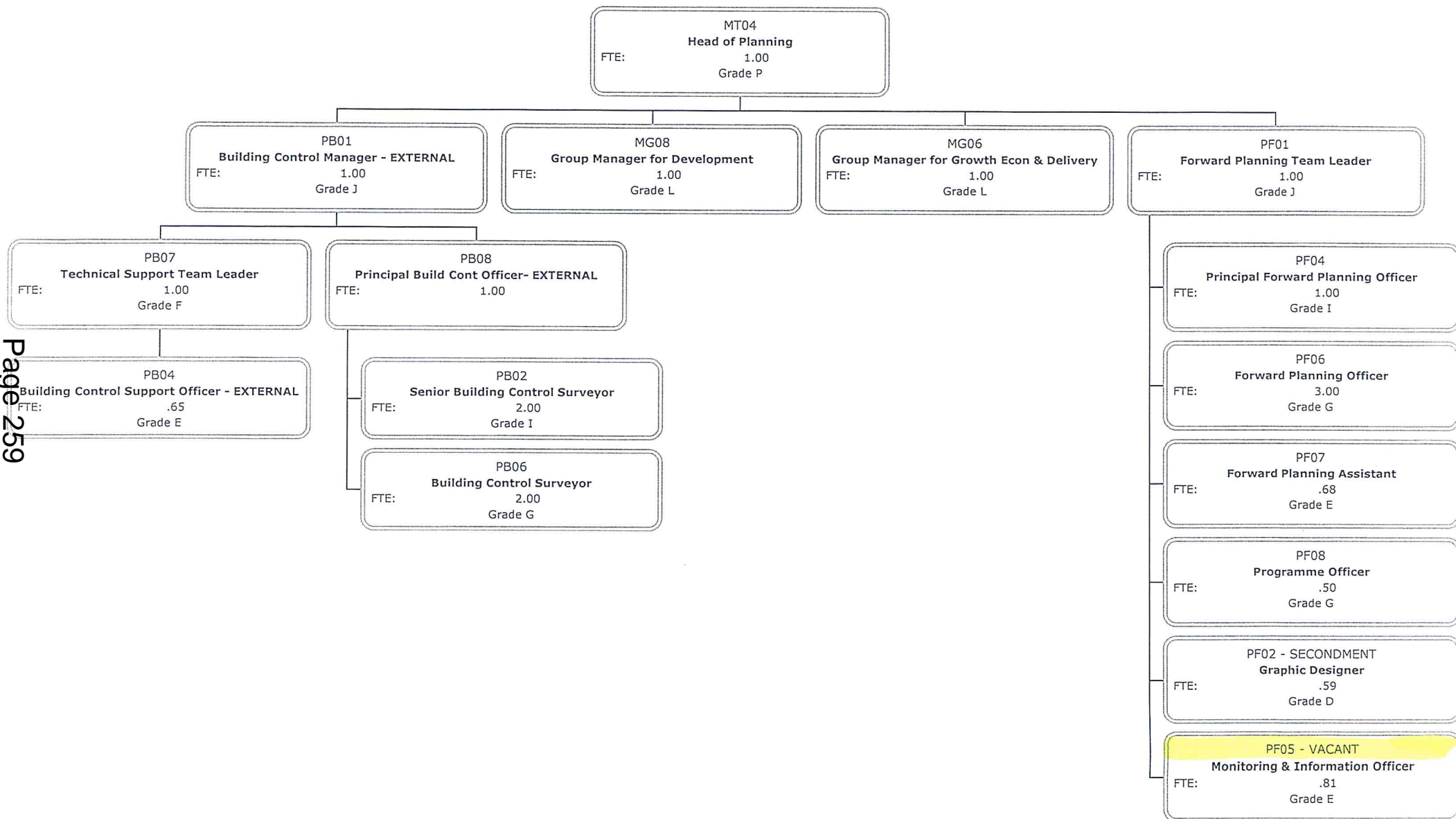
# Public Health & Regulations



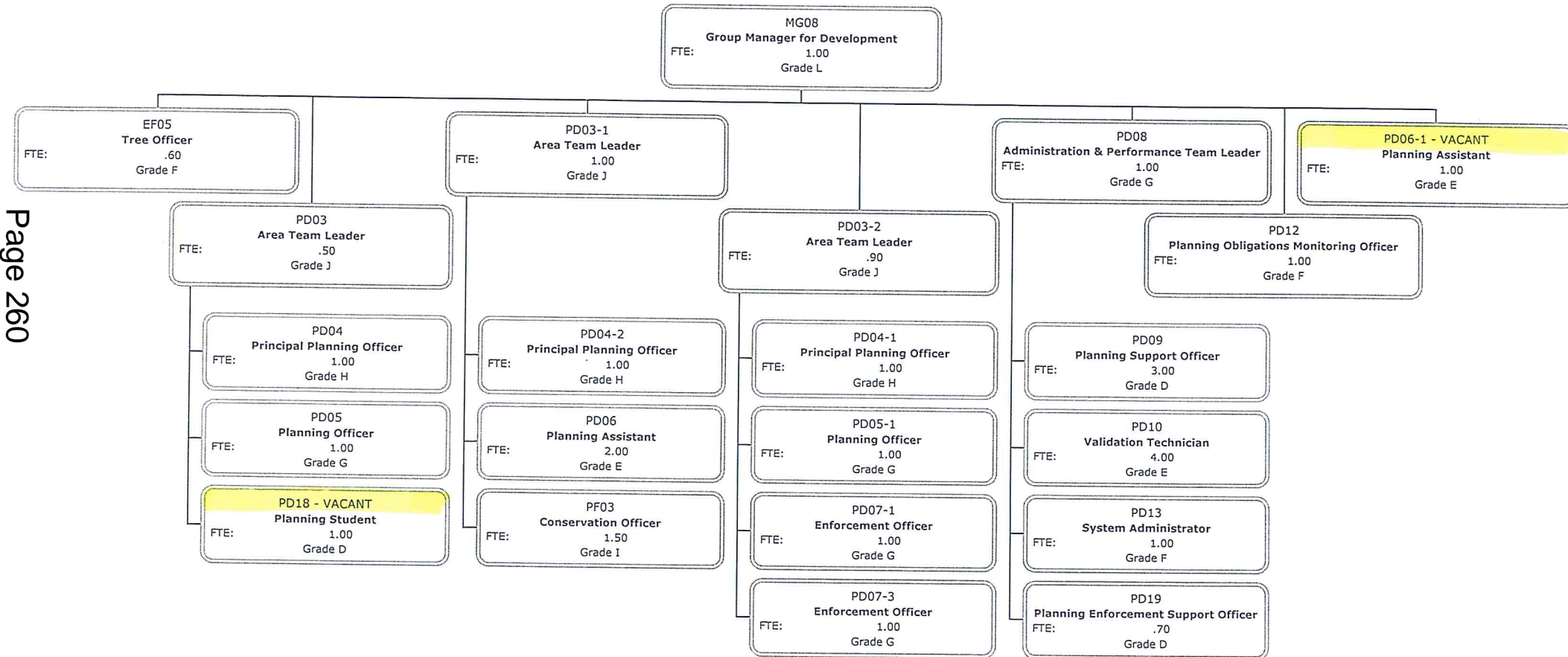
# Housing Services



# Head of Planning

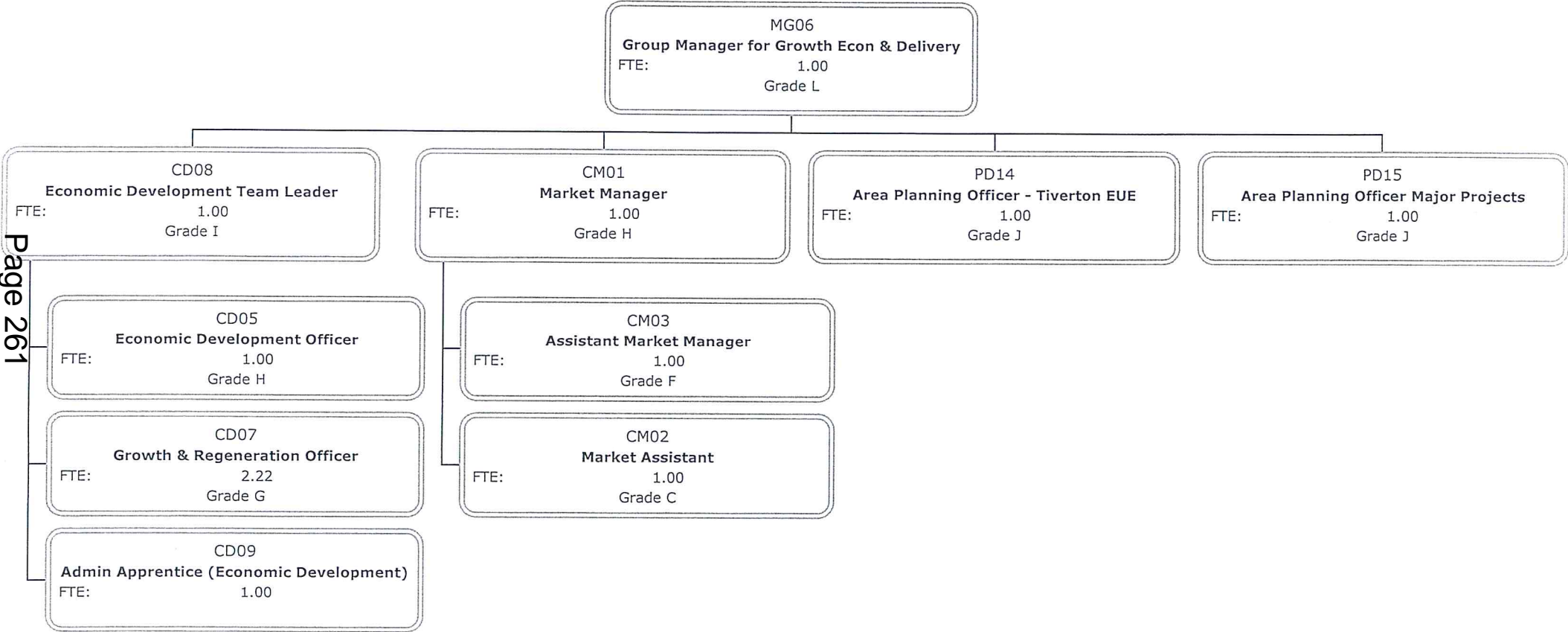


# Development

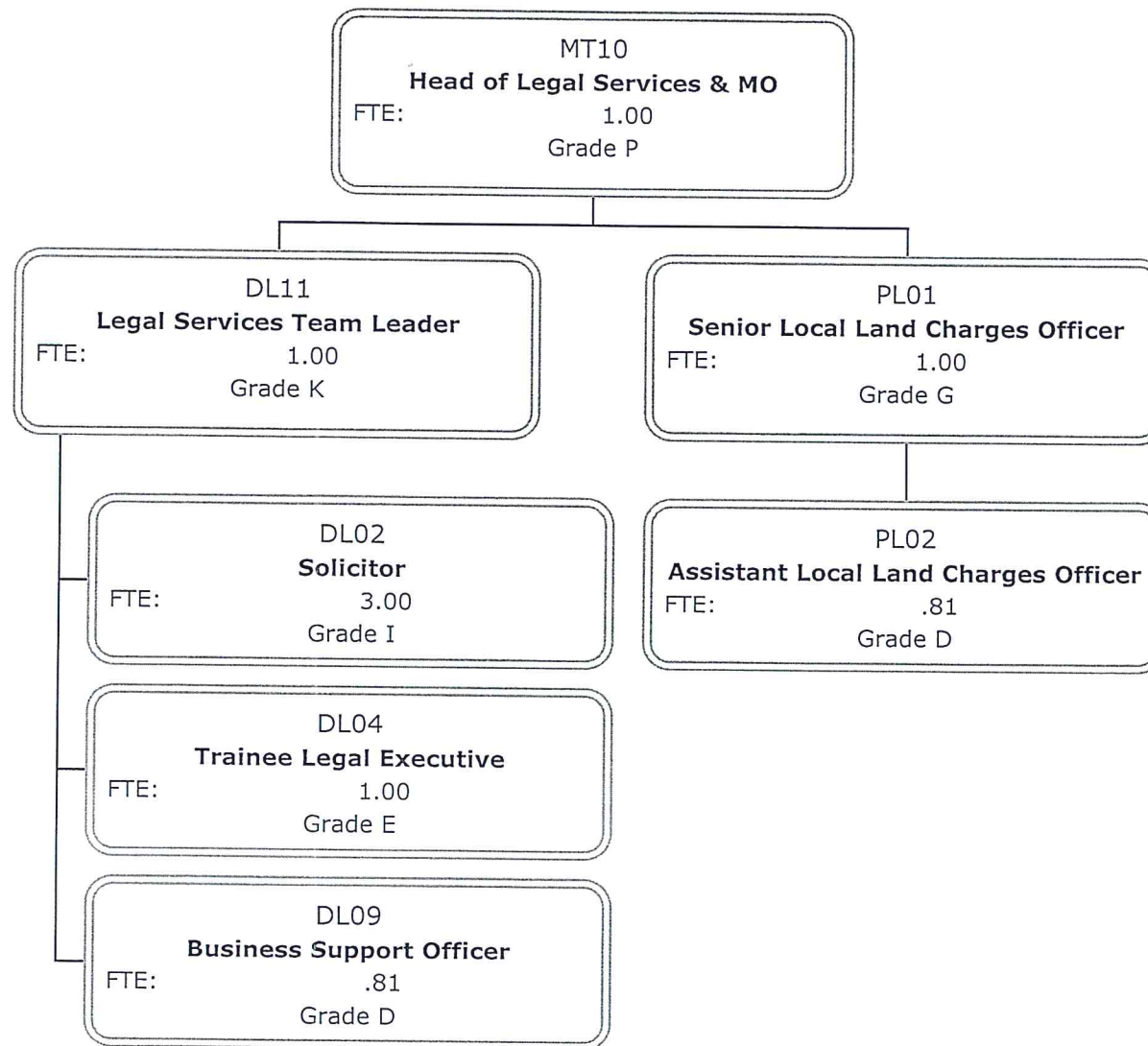




Growth Economy & Development



## Legal Services



## **CABINET 13 FEBRUARY 2020**

### **PAY POLICY**

**Cabinet Member(s):** Cllr Bob Deed  
**Responsible Officer:** Matthew Page, Group HR Manager

**Reason for Report:** To comply with the legislative requirements of the Localism Act 2011 relating to senior pay in particular the role of the Chief Executive, Directors and other senior officers. The Localism Act 2011 requires an annually published Pay Policy which has been adopted by full Council.

**RECOMMENDATION:** The Cabinet is asked to recommend to Council the Pay Policy 2020.

**Financial Implications:** None arising from this report which aims to ensure that the Council pays enough to recruit and retain senior staff, but avoids excessive pay levels.

**Legal Implications:** None directly arising from this report.

**Risk Assessment:** The risk to the Council of not complying with the legislative requirement is mitigated by this report and having a robust performance management system.

**Equality Impact Assessment:** No equality issues identified for this report.

**Relationship to Corporate Plan:** To have a robust Pay Policy which ensures good use of public money in respect of the salaries of the most senior employees of the Council that is both transparent and visible. To ensure the Council is able to recruit and retain staff of a sufficiently high calibre who are able to deliver the objectives of the Corporate Plan.

**Impact on Climate Change:** No climate change issues identified for this report.

#### **1.0 Introduction/Background**

- 1.1 The localism bill required that all local authorities publish a Pay Policy on an annual basis. The Policy should be agreed by a meeting of the Council and be published on the Council's website.
- 1.2 The purpose of having a Pay Policy is so that the pay and related awards structure of the Council are transparent.
- 1.3 At the present time, the Chief Executive is appraised on an annual basis by a group of Members as set out in the Constitution. The Leader consults Cabinet colleagues and the other two main party leaders on the objectives to be set and these are agreed with the Chief Executive.

1.4 Cabinet and Leadership Team meet on a monthly basis to monitor progress within each service area. Cabinet members can raise issues with the Chief Executive and Directors on performance in any area of the Council.

**2.0 Recommendation/Action**

2.1 The Council is asked to note and approve the attached Pay Policy and its contents regarding the establishment and its pay.

**Contact for more Information:** Matthew Page, Group HR Manager (01884 234919 / [mpage@middevon.gov.uk](mailto:mpage@middevon.gov.uk))

**Circulation of the Report:** Cllr B Deed, Cabinet, Leadership Team

**List of Background Papers:** Cabinet Summary Paper 2019, Cabinet Pay Policy 2019



# Human Resources Policy

## Version Control Sheet

*Title: Pay Policy 2020*

*Reference No: HRI*

*Purpose: The Localism Bill requires that all local authorities publish a Pay Policy on an annual basis. The Policy should be agreed by a meeting of Council and be published on the Council's website.*

*The purpose of having a Pay Policy is so that the pay and related rewards structure of the Council is transparent.*

**Owner: Group Manager for Human Resources**  
[mpage@middevon.gov.uk](mailto:mpage@middevon.gov.uk)

*Date: Feb 2020*

*Version Number: 4*

*Status: Final*

*Review Frequency: Every year*

*Next review date: February 2021 to be published by March 2021*

# **Pay Policy**

## **1. INTRODUCTION**

Local authorities must publish a pay policy statement for each financial year. This must be approved by a Council resolution before 31 March each year. The Act specifies a number of elements that must be covered by the statement including: the level and elements of remuneration for each chief officer, remuneration of chief officers on recruitment, increases and additions to remuneration for each chief officer, the use of performance-related pay for chief officers, the use of bonuses for chief officers, the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and the publication of and access to information relating to remuneration of chief officers.

The specific part of the Localism Act 2011 relating to a pay policy is Section 38 (1). Pay is an emotive issue for staff, Councillors and also for the public at large. Transparency in what and how we pay our senior staff particularly, but also all council employees is of paramount importance.

A pay policy statement will be updated and taken to full Council each year in March, in this way a clear view of the salaries and benefits paid to the most senior staff at the Council can be tracked.

## **2. REFERENCES**

Equal Pay Act 1970  
Equality Act 2010  
Localism Act 2011

## **3. SCOPE**

This policy applies to:-

- Chief Executive Officer including Head of Paid Service responsibilities
- Directors, Heads of Service and certain Group Managers including Monitoring Officer responsibilities and Section 151 Officer responsibilities

## **4. POLICY**

Clarity in the provision of pay and other benefits is essential to ensure that the Council can attract and retain good calibre employees at all levels but particularly so at the most senior level.

In the context of managing scarce public resources, remuneration at all levels within the Council needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time needs to avoid being unnecessarily generous or otherwise excessive.

This pay policy statement applies specifically to chief officers (a term which includes both statutory and non-statutory chief officers which for the purposes of this policy are the Directors, Heads of Service, Monitoring Officer and certain Group Managers) and addresses the legal requirement to set out how the policy for agreement of chief officer remuneration differs to that of other Council employees. For the purposes of this statement this includes:

- **Chief Executive Officer (Head of Paid Service)**
- **Deputy Chief Executive (151)**
- **Director of Corporate Affairs & Business Transformation**
- **Director of Operations**
- **Head of Planning and Regeneration**
- **Group Manager for Legal Services & Monitoring Officer**
- **Group Managers**

The definition of chief officers (as set out in section 43(2) of the Localism Act 2011) is not limited to Directors, Heads of Paid Service or statutory chief officers. It also includes those who are their direct reports (who may or might not be statutory chief officers and those who report directly to non-statutory chief officers (deputy chief officers).

The metric used for pay dispersion is the multiple of chief executive to mean earnings. Tracking this multiple will ensure public service organisations are accountable for the relationship between the pay of their executives and the wider workforce. Through this pay policy statement Mid Devon will track this multiple annually. **(This is shown as Officer Remuneration in accounts)**

- the level and elements of remuneration for each chief officer
- the remuneration of the lowest paid employees
- the relationship between the remuneration of its chief officers and other officers
- other specific aspects of chief officer remuneration.

**In respect of Officer Remuneration Note in accounts:** It should be noted that this information will relate to the previous year as shown in the annual accounts.

- Salary, fees and allowances
- Bonuses
- Expenses allowance
- Compensation for loss of employment
- Employers pension contribution
- Any other emoluments

**Pay multiple**

This is calculated by comparing all taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of benefits in kind) for the Chief Executive compared to mean earnings and the lowest paid in the organisation.

**Specific Policy Areas**

The National Joint Negotiating Committee has previously emphasised that 'it is good governance that local authorities can demonstrate that decisions on pay and reward packages for chief executives and chief officers have been made in an open and accountable way.'

The Leader of the Council may recommend to Full Council changes to the remuneration package following an annual review. Any changes to the remuneration packages will be subject to Full Council approval.

Salary increases in relation to cost of living will be made in line with National Joint Council recommendations.

The cost of living increase does not apply automatically to the Chief Executive and the two/three Director roles. Any increase given to them will be determined by the Leader of the Council, having sought the views of the Cabinet, and will be based on performance. The annual assessment/pay award for the Chief Executive and Directors has been delayed until the end of June each year, in order to allow for adequate reflection on the previous year's performance. As such any increase will take effect from 1st July annually (salary increases for all other employees continue to take effect from 1st April each year).

The use of market supplements may be applied in certain circumstances but at present are not considered necessary for any senior role.

At present, there are no additional payments made to senior officers which specifically relate to performance such as performance bonuses; neither is there an element of pay which can be enhanced for performance, other than those already mentioned in respect of the Chief Executive and Director roles. Performance issues will be dealt with through the achievement of agreed objectives and appraisal review process.

Any termination payments to chief officers on ceasing office will comply with Mid Devon District Council's Redundancy Policy and no additional payments will be made without the express approval of Full Council.

Through this policy the pay multiple of the Chief Executive will be monitored annually. Should the multiplier between the annual salary paid to a full time employee on the lowest spinal column point and the annual salary paid to the

Chief Executive be greater than 10, this will be reported by the Leader of the Council to Full Council for consideration.

**Our support for apprenticeships, which may be considered a temporary employment, will not be used to skew the pay multiple metric and will therefore be excluded from the calculation. In order to ensure complete transparency however we have also included the salary of apprentices.**

There are no arrangements currently in place for tax and national insurance payments to be paid other than through the normal channels, ie through the normal PAYE route for all officers of the Council.

## **5. PAYMENT OF RETURNING OFFICER**

Additional payments are set and made by Central Government to officers carrying out additional duties at elections. These payments will only be received when elections take place and although fixed, do vary according to the type of election for which the payment is made. These payments are not within the scope of this policy.

## **6. OUTCOMES**

In introducing this policy Mid Devon District Council will ensure that the process for setting pay at a senior level is transparent. This policy will be reviewed annually to track the relationship of chief officer pay with the rest of the workforce.

## **7. PERFORMANCE MONITORING**

Annual monitoring of this policy will take place in March. Monitoring of the Chief Executive's performance takes place through an annual appraisal process.

## **8. POLICY/STRATEGY CONSULTATION**

This policy will be agreed with the Council's Leadership Team, Cabinet and Full Council.

## **9. EQUALITY IMPACT CONSIDERATIONS**

The principles of equal pay are integral to this policy. 'Equal work' is defined as:

- Like work where the woman and the man are doing the same job or
- Work rated as equivalent where the 2 jobs are different but have been evaluated by the employer's job evaluation scheme (JES) at the same level/grade or
- Work of equal value where the jobs are again different but an argument is made that both jobs should be regarded as being of equal value or worth.

## **10. RESPONSIBILITIES**

The Group Manager for Human Resources will be responsible for this policy and for updating information on an annual basis.

## **11. RECORDS**

Documents and records generated as a result of the application of this policy will be held electronically and retained as legally required.

All records will be maintained and processed in compliance with the Data Protection Act.

## **12. DOCUMENT HISTORY**

Date	Version	Update
10/02/2017	1	Pay Policy
05/04/2018	2	Pay Policy
07/02/2019	3	Pay Policy
13/02/2020	4	Pay Policy

1. The level of remuneration for all officers earning over £50,000 is shown below:

Post Title	Remuneration	
	2019/20	2018/19
Chief Executive	£111,825	£109,650
Deputy Chief Executive (S151)	£81,600	£80,000
Director of Corporate Affairs and Business Transformation	£77,775	£76,250
Director of Operations (Left 02/01/2020 – not replaced)	£77,775	£76,250
Head of Service: Planning and Regeneration	Grade P £63,857 to £67,765	Grade 17 £62,605 to £66,436
Head of Service: Legal Services & Monitoring Officer (new post from 01/01/2020)	Grade P £63,857 to £67,765	N/A
Group Manager: Legal Services and Monitoring Officer (post ended 31/12/2019)	Grade N £54,500 to £57,837	Grade 15 £53,431 to £56,702
Group Manager: Street Scene and Open Spaces	Grade M £50,351 to £53,432	Grade 14 £49,363 to £52,384
Group Manager: Building Services	Grade M £50,351 to £53,432	Grade 14 £49,363 to £52,384
Group Manager: Corporate Property and Commercial Assets	Grade M £50,351 to £53,432	Grade 14 £49,363 to £52,384
Group Manager: Financial Services	Grade M £50,351 to £53,432	Grade 14 £49,363 to £52,384
Group Manager: Public Health and Regulatory Services	Grade M £50,351 to £53,432	Grade 14 £49,363 to £52,384

2. The full time remuneration of the lowest paid employee.

Post Title	Remuneration		Other Allowances	
	2019/20	2018/19	2019/20	2018/19
Office Cleaner	£17,711	£16,398	None	None
Apprentice	£7,524	£7,215	None	None

3. The multiplier of the remuneration of the Chief Executive based upon taxable earnings.

Category	Total Remuneration	
	2019/20	2018/19
Pay multiple of Chief Executive to Mean	5.32	5.64
Pay multiple of Chief executive to lowest paid FT employee	6.31 (based on office cleaner)	6.69 (based on office cleaner)
	15.50 (based on apprentice rate)	15.21 (based on apprentice rate)
Annual Mean Pay of all employees (Total Salaries/Number of contracts)	£21,019	£19,437

*Officer Remuneration Note in Accounts*

Publication of Officers Remuneration

We are required to publish the following information in respect of officer remunerations:

- a) The number of employees whose remuneration in the year was greater or equal to £50,000, grouped in rising bands of £5,000.
- b) An analysis by job title of the remuneration and employer's pension contributions in respect of senior employees whose salary is £50,000 or more per year (or by name and job title where the salary is £150,000 per year)



#### 4. Officers' Emoluments

This table includes all statutory and non-statutory posts whose overall remuneration exceeds £50k excluding pension contributions and non-taxable allowances as published in [Mid Devon District Council Statement of Accounts 2019](#)

Remuneration Band	2018/19		2017/18	
	Number of Employees	Left During Year	Number of Employees	Left During Year
£50,000 - £54,999	5	0	1	0
£55,000 - £59,999	1	0	0	0
£60,000 - £64,999	0	0	1	0
£65,000 - £69,999	1	0	0	0
£70,000 - £74,999	0	0	2	1
£75,000 - £79,999	2	0	2	0
£80,000 - £84,999	0	0	1	0
£85,000 - £89,999	0	0	0	0
£95,000 - £99,999	0	0	0	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	1	0	1	0

Note – The above table includes one employee who received a termination payment in 2017/18. In completing the 2018/19 Accounts we have complied with the statutory instrument regarding officer emoluments. The statutory instrument requires the individual naming of any officers with an annual salary of £150,000 or more and the post title of any officers earning £50,000 or more who occupy statutory roles or are responsible for managing the strategic direction of services.

The Council had no officers earning at or in excess of £150,000 in 2018/19

## 5 Termination Benefits

2018/19 Exit Package Cost Band	Number of Compulsory redundancies	Number of Other Departures Agreed	Total number Of exit Packages by Cost band	Total cost of Exit packages in each band £'000
£0 - £19,999	1	9	10	47
£20,000-£39,000	-	-	-	-
£40,000-£59,999	-	-	-	-
£60,000-£79,999	-	-	-	-
<b>Total</b>	<b>1</b>	<b>9</b>	<b>10</b>	<b>47</b>

**During** 2018/19 a number of settlement agreements and redundancies were made. These were associated with service restructures and changes in order to reduce future employee costs. This helps match ongoing expenditure against the well documented cuts in Central Government funding

## 6 Gender Pay Gap

### 6.1 Pay quartiles by gender

The Mid Devon District Council figures set out below have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Under the law, men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; or
- work of equal value.

Quartile	Males	Females	Description
1	59%	41%	Includes all employees whose standard hourly rate places them at or below the lower quartile
2	36%	64%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
3	49%	51%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
4	42%	58%	Includes all employees whose standard hourly rate places them above the upper quartile

## 6.2 Mid Devon District Council's Gender Pay Gap

	Mean Average Hourly Rate	Median Average Hourly Rate
Male	£13.02	£11.98
Female	£13.21	£11.98
HMRC % gap	-1.46%	0.00%

The mean gender pay gap for the whole economy (according to the October 2019 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures) is 17.3%; at -1.46% Mid Devon District Council's mean gender pay gap is, therefore, significantly lower than that for the whole economy.

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## CABINET

### FEBRUARY 2020

#### **External Painting and Repairs before Painting of Council Homes 2020-2025**

**Cabinet Member** Cllr Simon Clist  
**Responsible Officer** Jill May, Director of Corporate Affairs and Business Transformation

**Reason for Report:** To advise Members on the results for the tendering of the External Painting and Repairs of the Council's homes for the next five years (2020-2025).

**RECOMMENDATION:** It is recommended Members agree that the contract for works required to decorate the Council's homes for 2020-2025 be awarded to **Contractor 3** with a forecast annual cost £300,000.00. This is a three year contract with the option to extend for a further two individual years subject to acceptable performance. The contract has been awarded to the contractor with the highest combined price/quality score with 60% of the total score based on price and 40% quality.

**Financial Implications:** The budget for the works is £300,000.00 per annum and will be managed within the HRA budget.

**Legal Implications:** We have a legal duty to maintain the stock and meet the Decent Homes Standard. The conditions of engagement are based on a JCT Intermediate Building Contract with Contractors Design 2016, combined with the contractual requirements. This provides a robust framework for managing and controlling the performance of the contractor to meet our legal obligations.

**Risk Assessment:** The principal risk is failing to limit costs due to additional works and delivery of the programme. The performance of the contract shall be monitored monthly; corrective action will be taken where performance falls below Key Performance Indicator Targets. These include: 1) Customer satisfaction; 2) Variations and extras; 3) Delivery of programme; 4) Number of defects; 5) Managing Health and Safety

**Equality Impact Assessment:** All staff have received Equality and Diversity awareness training. MDDC discuss equality and diversity at the progress meetings and encourage the contractor to carry out awareness training.

**Relationship to Corporate Plan:** To contribute towards meeting the Decent and Affordable Homes target by making best use of the existing stock.

**Impact on Climate Change:** Investment in the MDDC stock will lower the amount of fossil fuels used to run and maintain the homes.

## 1.0 Introduction

- 1.1 The term of this contract is three years with the option to extend the contract for a further two individual years subject to performance.
- 1.2 Due to the nature and value of this procurement, the appropriate procedure was an open tender process. This means that anyone who expressed an interest in the contract would be invited to tender.
- 1.3 To ensure quality of contractors, a number of minimum requirements were set out within the ITT. Any contractor failing to meet these would be disqualified.

## 2.0 Procurement Process

- 2.1 Expressions of interest were invited via a notice in the Supplying the Southwest Procurement Portal published on the 16 October 2019.

- 2.2 Evaluation criteria set out in the ITT:

- 2.3

<b>Quality</b>	<b>40%</b>
Mobilisation of the works	10%
Communication	10%
Materials and Equipment	10%
Waste and recycling	10%
<b>Price</b>	<b>60%</b>

- 2.4 Responses were required by midday on 18 November 2019.
- 2.5 There were a total of 21 expressions of interest of which 5 submitted their tenders on time, 0 opted out and 16 did not respond.
- 2.6 Evaluations were carried out during November and early December 2019, by representatives from Mid Devon District Council's Planned Maintenance and Procurement service.
- 2.7 The outcome of the evaluation is shown below:

CONTRACTOR	SCORE		TOTAL
	PRICE	QUALITY	
Contractor 1	44.40%	30.00%	74.40%
Contractor 2	40.44%	27.25%	67.69%
Contractor 3	60.00%	28.00%	88.00%
Contractor 4	49.77%	34.00%	83.77%
Contractor 5	33.12%	26.50%	59.62%

2.8 Presentations were carried out on 28<sup>th</sup> & 29<sup>th</sup> January 2020 just qualifying the submissions to ensure that everything within the tender specification had been covered off, identify that questions and tick sheets had been used to carry this out and they are available on request. Nothing that would have a financial impact over the contract period became apparent and the presentations did not have any detrimental impact on the original evaluations.

### 3.0 **Conclusion**

3.1 The outcome of the tender process shows Contractor 3 as the winning bidder.

3.2 Approval is required from Cabinet for this contract to be formally awarded.

3.3 Following the decision, there will be a compulsory 10 day standstill period after which the contract will be awarded.

3.4 Mobilisation will take 2-3 weeks, but the contract will not commence until TBC.

**Contact for more Information:** Christopher Davey, Procurement Manager (01884) 234228 / [cdavey@middevon.gov.uk](mailto:cdavey@middevon.gov.uk)

**Circulation of the Report:** Leadership Team, Cllr Clist, Cabinet

**List of Background Papers: PART II - Confidential**

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**CABINET**  
**13 FEBRUARY 2020:**

**AGENDA ITEM:**

## **PERFORMANCE AND RISK REPORT**

**Cabinet Member** Cllr Bob Deed  
**Responsible Officer** Director of Corporate Affairs & Business Transformation,  
Jill May

**Reason for Report:** To provide Members with an update on performance against the corporate plan and local service targets for 2019-20 as well as providing an update on the key business risks.

**RECOMMENDATION:** That the Committee reviews the Performance Indicators and Risks that are outlined in this report and feeds back any areas of concern.

**Relationship to Corporate Plan:** Corporate Plan priorities and targets are effectively maintained through the use of appropriate performance indicators and regular monitoring.

**Financial Implications:** None identified

**Legal Implications:** None

**Risk Assessment:** If performance is not monitored we may fail to meet our corporate and local service plan targets or to take appropriate corrective action where necessary. If key business risks are not identified and monitored they cannot be mitigated effectively.

**Equality Impact Assessment:** No equality issues identified for this report.

**Impact on Climate Change:** No impacts identified for this report.

### **1.0 Introduction**

- 1.1 Appendices 1-5 provide Members with details of performance against the Corporate Plan and local service targets for the 2019-20 financial year. The Committee is invited to suggest measures they would like to see included in the future for consideration.
- 1.2 Appendix 6 shows the higher impact risks from the Corporate Risk Register. See 3.0 below.
- 1.3 Appendix 7 shows the risk matrix for the Council.
- 1.4 All appendices are produced from the Corporate Service Performance And Risk Management system (SPAR).
- 1.5 When benchmarking information is available it is included.

## 2.0 Performance

### Environment Portfolio - Appendix 1

- 2.1 Regarding the Corporate Plan Aim: **Increase recycling and reduce the amount of waste: % of household waste reused, recycled and composted**; all the waste KPIs on Appendix 1 are better than target apart from the recycling rate which is marginally below for the year to date although 54% was achieved for October.. These are yet to be verified by DCC as is usual.
- 2.2 Regarding the Corporate Plan Aim: **Reduce our carbon footprint**: The Exeter University benchmarking of MDDC's Carbon Footprint as at 2018/19, along with the other Devon districts, was received at the end of December.
- 2.3 The Carbon Emissions Baseline figure has been calculated and was reported to Cabinet at its meeting on 19 December, a recommendation has been made for the Environmental PDG working group to prioritise actions as the next stage.
- 2.4 **Other**: Waste services are also performing well financially with increased income from trade waste and recycling and the shared saving scheme for waste with DCC showing a surplus.

### Homes Portfolio - Appendix 2

- 2.5 Regarding the Corporate Plan Aim: **Build more council houses**: Whilst no additional houses have reached the planning stage at present work continues on the feasibility of further development within our own estates and elsewhere.
- 2.6 Regarding the Corporate Plan Aim: **Facilitate the housing growth that Mid Devon needs, including affordable housing: Bringing Empty homes into use** has already well exceeded the annual target.
- 2.7 Regarding the Corporate Plan Aim: **Planning and enhancing the built environment: Performance Planning Guarantee determined within 26 weeks** was just below target at 99% but all 4 speed and quality measures were well above the required target as at 31 December, these are reported quarterly.
- 2.8 **Other**: most measures were either on or above target except for **Average days to re-let** which was just outside the target of 14 days and **Properties with a valid gas safety certificate**. For this @ 30 November there were 3 properties referred to Legal services to gain access in accordance with MDDC procedure.
- 2.9 Housing performance remains in the top quartile compared with HouseMark.

### Economy Portfolio - Appendix 3

- 2.10 Regarding the Corporate Plan Aims: **Attract new businesses to the District and Focus on business retention and growth of existing businesses**; we record **Businesses supported**, this includes new and existing businesses and remains above target.
- 2.11 We also report the **Number of business rate accounts** which exceeds target increasing by almost 11% since we started reporting this figure in March 2016.
- 2.12 Regarding the Corporate Plan Aim: **Improve and regenerate our town centres with the aim of increasing footfall, dwell-time and spend in our town centres: car parking vends** are reported as a proxy for visitor numbers.
- 2.13 **Empty Shops**; it should be noticed that the vacancy count is done at the start of each quarter. Charts showing the trend over the last six years are included as appendix 3a as requested at the last meeting.
- 2.14 For the UK as a whole, during 2019 the number of shops which shut in the year rose by 10%, a further increase of 9% is expected in 2020 according to the Centre for Retail Research. Of our 3 main towns only Cullompton did better than this.
- 2.15 **Other**: The 6 week public consultation on the Local Plan main modifications runs from 6 January to 17 February 2020. The consultation documents and comments received will be subsequently sent to the Planning Inspectorate.

### Community Portfolio - Appendix 4 and 8

- 2.16 No update to Community PDG in January.

### Corporate - Appendix 5

- 2.17 **Working days lost due to sickness** is currently slightly below target but better than at this point last year. The revised sickness policy is in draft at present.
- 2.18 The **Response to FOI requests** have been 100% on time since April 2019. The new FOI information has been added as requested, with some information about the prior year for comparison. The extra FOI information did not start being published on the website until July 2018 when the new Cabinet FOI guidance was published.
- 2.19 The **% total Council Tax collected** and **% total NNDR collected** are both slightly below target.

## **3.0 Risk**

- 3.1 The Corporate risk register is regularly reviewed by Group Managers' Team (GMT) and Leadership Team (LT) and updated as required.

- 3.2 Risk reports to committees include strategic risks with a current score of 10 or more in accordance with the Risk and Opportunity Management Strategy. (Appendix 6)
- 3.3 Appendix 7 shows the risk matrix for MDDC for this quarter. If risks are not scored they are included in the matrix at their inherent score which will be higher than their current score would be.
- 3.4 Operational risk assessments are job specific and flow through to safe systems of work. These risks go to the Health and Safety Committee biannually with escalation to committees where serious concerns are raised.

#### **4.0 Conclusion and Recommendation**

- 4.1 That the Committee reviews the performance indicators and any risks that are outlined in this report and feeds back any areas of concern.

**Contact for more Information:** Catherine Yandle Group Manager for Performance, Governance and Data Security ext 4975

**Circulation of the Report:** Leadership Team and Cabinet Member

## Corporate Plan PI Report Environment

Monthly report for 2019-2020  
 Arranged by Aims  
 Filtered by Aim: Priorities Environment  
 For MDDC - Services

## Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
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\*  
 indicates that an entity is linked to the Aim by its parent Service

Corporate Plan PI Report Environment																
Priorities: Environment																
Aims: Increase recycling and reduce the amount of waste																
Performance Indicators																
Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Residual household waste per household (measured in Kilograms) (figures have to be verified by DCC)</u>	241.11 (8/12)	365.00	36.52	66.32	93.65	123.35	150.40	177.00	208.78	238.38					Stuart Noyce	(April - November) A decrease of 1.13% compared to November 2018 (LD)
<u>% of Household Waste Reused, Recycled and Composted (figures have to be verified by DCC)</u>	54.13% (8/12)	54.00%	48.76%	52.78%	53.97%	54.09%	54.26%	54.68%	54.41%	54.04%					Stuart Noyce	(November) Very slightly lower than November 2018. Residual waste has reduced by 97 tonnes; dry recycling has reduced by 33 tonnes. Organic waste has decreased by 18 tonnes. (LD)
<u>Net annual cost of waste service per household</u>		£45.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	Stuart Noyce	
<u>Number of Households on Chargeable Garden Waste</u>	9,837 (8/12)	10,000	9,921	10,102	10,109	10,195	10,266	10,241	10,155	10,072					Stuart Noyce	(November) There is a small decrease in the number of customers compared to last month; this reflects the trend shown for the same period in the previous year; however there are 235 more customers compared to November 2018. (LD)
<u>% of missed collections reported (refuse and organic)</u>	0.04% (8/12)	0.03%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%					Stuart Noyce	(November) Remaining within target (LD)
Printed by: Catherine Yandle																
SPAR.net																
Print Date: 31 December 2019 11:32																

**Corporate Plan PI Report Environment****Priorities: Environment****Aims: Increase recycling and reduce the amount of waste****Performance Indicators**

Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
waste)																
% of Missed Collections logged (recycling)	0.02% (8/12)	0.03%	0.02%	0.02%	0.02%	0.02%	0.03%	0.03%	0.02%	0.02%					Stuart Noyce	(November) Remaining within target (LD)

**Aims: Protect the natural environment****Performance Indicators**

Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
Number of Fixed Penalty Notices (FPNs) Issued (Environment)	12 (8/12)		2	4	6	8	10	10	10	10					Stuart Noyce	(December) District Officer cover for the past three months has reduced from 3.8 FTE's to 2.8 FTE's. This post is due to be filled in January. (LD)



## Corporate Plan PI Report Homes

Monthly report for 2019-2020  
 Arranged by Aims  
 Filtered by Aim: Priorities Homes  
 For MDDC - Services

## Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
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\* Indicates that an entity is linked to the Aim by its parent Service

Corporate Plan PI Report Homes																			
Priorities: Homes																			
Aims: Build more council houses																			
Performance Indicators																			
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes		
Build Council Houses	6 (8/12)		26	0	0	0	0	0	26	26	26					Angela Haigh	(September) Palmerston Park (CY)		
Aims: Facilitate the housing growth that Mid devon needs, including affordable housing																			
Performance Indicators																			
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes		
Number of affordable homes delivered (gross)	29 (2/4)		100	n/a	n/a	22	n/a	n/a	68	n/a	n/a		n/a	n/a		Angela Haigh	(Quarter 1 - 2) Info. from Planni		
Deliver homes by bringing Empty Houses into use	107 (8/12)		72	17	33	42	55	72	84	95	97					Simon Newcombe			
Aims: Other																			
Performance Indicators																			
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes		
% Decent Council Homes	99.9% (8/12)		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%					Angela Haigh			
% Properties With a Valid Gas Safety Certificate	99.91% (8/12)		100.00%	99.78%	99.82%	99.91%	99.91%	99.96%	100.00%	99.96%	99.87%					Angela Haigh			
Rent Collected as a Proportion of Rent Owed	98.61% (8/12)		97.00%	91.55%	99.90%	97.66%	100.93%	99.30%	98.50%	100.26%	98.37%					Angela Haigh			
Current Tenant Arrears as a Proportion of Annual Rent Debit	1.51% (8/12)		2.50%	1.10%	0.87%	1.11%	1.09%	0.91%	1.17%	1.14%	1.29%					Angela Haigh			
Dwelling rent lost due to voids	0.50% (8/12)		0.70%	0.50%	0.50%	0.48%	0.48%	0.52%	0.53%	0.55%	0.56%					Angela Haigh			
Average Days to Re-Let Local Authority Housing	14.5days (8/12)		14.0days	14.0days	14.5days	14.6days	13.7days	14.6days	14.4days	14.3days	14.5days					Angela Haigh			

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## Corporate Plan PI Report Economy

Monthly report for 2019-2020  
 Arranged by Aims  
 Filtered by Aim: Priorities Economy  
 For MDDC - Services

## Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
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\* Indicates that an entity is linked to the Aim by its parent Service

## Corporate Plan PI Report Economy

## Priorities: Economy

## Aims: Attract new businesses to the District

## Performance Indicators

Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Number of business rate accounts</u>	3,061 (8/12)	3,150	3,104	3,112	3,123	3,137	3,149	3,155	3,180	3,186					Andrew Jarrett, Fiona Wilkinson	

## Aims: Focus on business retention and growth of existing businesses

## Performance Indicators

Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Businesses supported</u>	201 (8/12)	250	21	57	84	107	124	141	157	169					Adrian Welsh	(November) 5 businesses assisted and 7 new enquires (MF), Number of businesses assisted

## Aims: Improve and regenerate our town centres

## Performance Indicators

Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Increase in Car Parking Vends</u>	51,821 (8/12)		51,120	51,775	48,697	50,894	51,261	50,325	53,392	52,568					Andrew Jarrett	
<u>The Number of Empty Shops (TIVERTON)</u>	20 (3/4)	18	n/a	n/a	17	n/a	n/a	21	n/a	n/a	21	n/a	n/a		Adrian Welsh	Number of vacant retail units, (Quarter 4) Oct 19: 21 vacant units representing 8.7% of the total units. (CY)
<u>The Number of Empty Shops (CREDITON)</u>	9 (3/4)	8	n/a	n/a	6	n/a	n/a	10	n/a	n/a	10	n/a	n/a		Adrian Welsh	(Quarter 3) Oct 19: 10 vacant units representing 8.4% of total units in Crediton. (MF), Number of vacant retail units
<u>The Number of Empty Shops (CULLOMPTON)</u>	9 (3/4)	8	n/a	n/a	12	n/a	n/a	7	n/a	n/a	7	n/a	n/a		Adrian Welsh	(Quarter 3) Oct 19: 7 vacant units representing 7.9% of the total units. (MF), The number of vacant retail units

## Aims: Other

## Performance Indicators

Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
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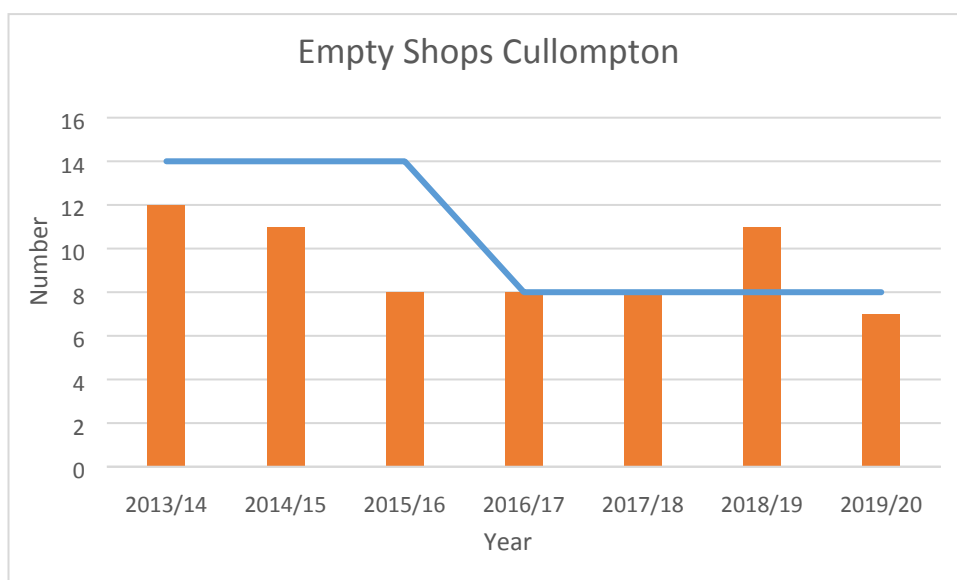
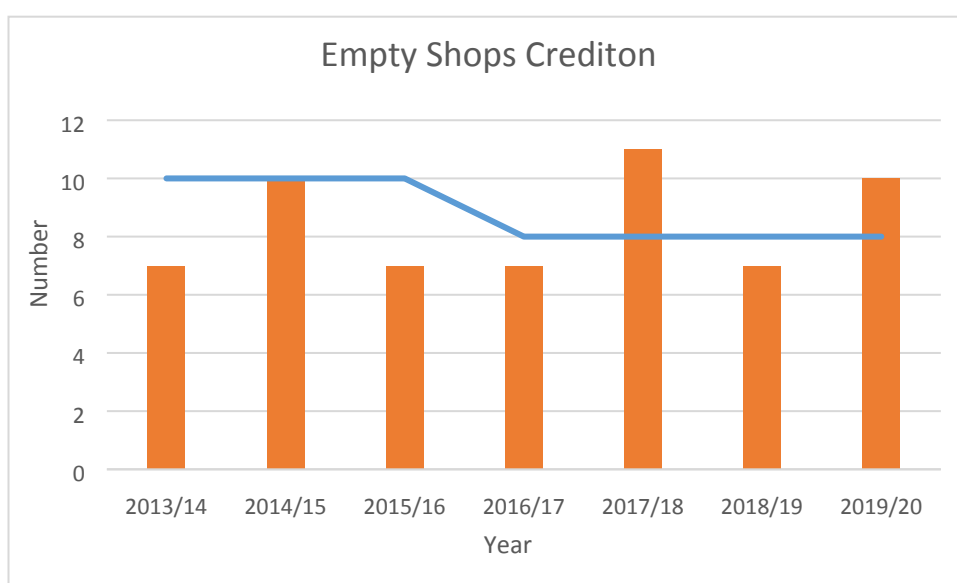
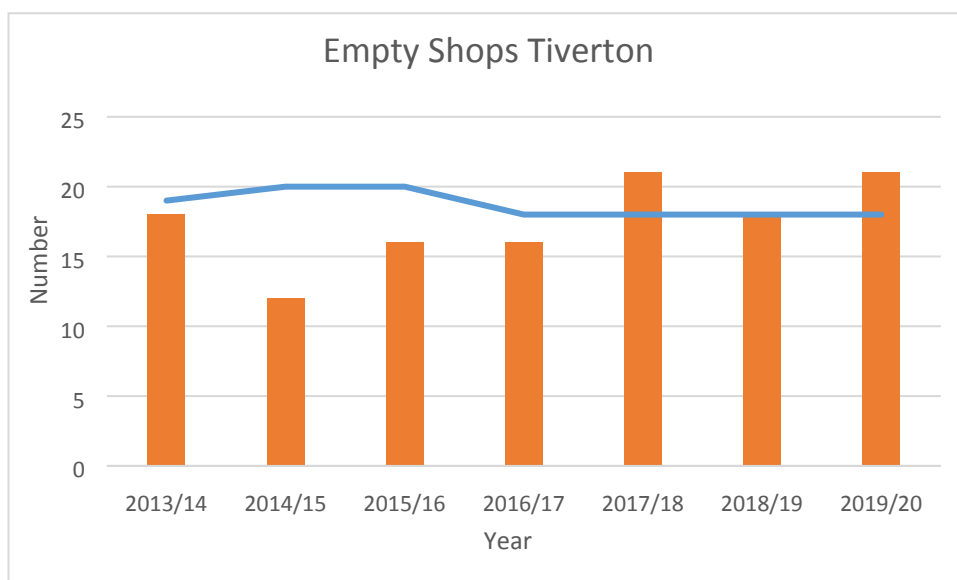
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Corporate Plan PI Report Economy																
Priorities: Economy																
Aims: Other																
Performance Indicators																
Title	Prev Year (Period)	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Funding awarded to support economic projects</u>	£160,395 (3/4)	£100,000	n/a	n/a	£10,000	n/a	n/a	£10,000	n/a	n/a	£25,000	n/a	n/a		Adrian Welsh	(Quarter 3) 15,000 Euros awarded from WiFi4EU Programme (JB), Funding actively sought for corporate priorities

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Actuals



Targets

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## Corporate Plan PI Report Community

Monthly report for 2019-2020

Arranged by Aims

Filtered by Aim: Priorities Community

Filtered by Flag: Exclude: Corporate Plan Aims 2016 to 2020

For MDDC - Services

Key to Performance Status:

Performance Indicators:

No Data

Well below  
target

Below target

On target

Above target

Well above  
target

\*

indicates that an entity is linked to the Aim by its parent Service

Corporate Plan PI Report Community																	
Priorities: Community																	
Aims: Other																	
Performance Indicators																	
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Group Manager	Officer Notes
<u>Compliance with food safety law</u>	87% (9/12)		90%	93%	93%	92%	93%	93%	92%	92%	92%	91%				Simon Newcombe	

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## Corporate Plan PI Report Corporate

Monthly report for 2019-2020

Arranged by Aims

Filtered by Aim: Priorities Delivering a Well-Managed Council

For MDDC - Services

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
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\*  
Indicates that an entity is linked to the Aim by its parent Service

## Corporate Plan PI Report Corporate

## Priorities: Delivering a Well-Managed Council

## Aims: Put customers first

## Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act
<u>% of complaints resolved w/in timescales (10 days - 12 weeks)</u>	94% (9/12)		90%	96%	98%	95%	95%	96%	96%	95%	91%	90%		
<u>Number of Complaints</u>	29 (9/12)			26	31	33	34	33	31	30	29	28		
<u>New Performance Planning Guarantee determine within 26 weeks</u>	99% (3/4)		100%	n/a	n/a	99%	n/a	n/a	99%	n/a	n/a	99%	n/a	n/a
<u>Major applications determined within 13 weeks (over last 2 years)</u>	86% (3/4)		60%	n/a	n/a	72%	n/a	n/a	72%	n/a	n/a	73%	n/a	n/a
<u>Minor applications determined within 8 weeks (over last 2 years)</u>	77% (3/4)		65%	n/a	n/a	77%	n/a	n/a	78%	n/a	n/a	78%	n/a	n/a
<u>Major applications overturned at appeal (over last 2 years)</u>	3% (3/4)		10%	n/a	n/a	0%	n/a	n/a	2%	n/a	n/a	2%	n/a	n/a
<u>Major applications overturned at appeal % of appeals</u>	n/a	n/a	% Appeals overturned in Q /No of appeals decided in quarter / 2 Appeal Decisions in Q3/ 0 Overturne	n/a	n/a		n/a	n/a	40.00%	n/a	n/a	20.00%	n/a	n/a
<u>Minor applications overturned at appeal (over last 2 years)</u>	0% (3/4)		10%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a
<u>Minor applications overturned at appeal %</u>	n/a	n/a		n/a	n/a		n/a	n/a	42%	n/a	n/a	26%	n/a	n/a

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Corporate Plan PI Report Corporate													
Priorities: Delivering a Well-Managed Council													
Aims: Put customers first													
Performance Indicators													
Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act Feb Act
<u>of appeals</u>													
<u>Response to FOI Requests (within 20 working days)</u>	95% (9/12)		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
<u>FOI/EIR Requests where the information was granted in full</u>	n/a	n/a	2018 -19 Q 3 & 4 190 i.e. 59.4%	32	28	26	26	44	34	32	39	25	
<u>ICO Decision Notices</u>	n/a	n/a	There were 4 complaints in 2018-19 2 Withdrawn 1 Upheld 1 Not Upheld	0	0	1	2	3	3	3	3	3	
<u>Working Days Lost Due to Sickness Absence</u>	6.36days (9/12)		7.00days	0.46days	0.96days	1.55days	2.17days	2.88days	3.51days	4.18days	4.79days	5.59days	
<u>% total Council tax collected - monthly</u>	84.11% (9/12)		98.50%	11.16%	20.41%	29.29%	38.20%	47.15%	56.18%	65.93%	74.94%	83.97%	
<u>% total NNDR collected - monthly</u>	76.36% (9/12)		99.20%	12.02%	24.00%	33.07%	40.40%	48.98%	57.25%	65.21%	72.43%	80.12%	
<u>Number of visitors per month</u>	2,152 (9/12)		2,500	1,361	1,355	1,257	1,212	1,189	1,200	1,234	1,234	1,194	

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## Corporate Risk Management Report - Appendix 6

Report for 2019-2020

Filtered by Prefix: Exclude Risk Prefix: OP, PR, EV

Filtered by Flag: Include: \* Corporate Risk Register

For MDDC - Services

Filtered by Performance Status: Exclude Risk Status: Low

Not Including Risk Child Projects records, Including Mitigating Action records

### Key to Performance Status:

Mitigating Action:	<b>Milestone Missed</b>	<b>Behind schedule</b>	<b>In progress</b>	<b>Completed and evaluated</b>	<b>No Data available</b>
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Risks:	<b>No Data (0+)</b>	<b>High (15+)</b>	<b>Medium (6+)</b>	<b>Low (1+)</b>
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## Corporate Risk Management Report - Appendix 6

**Risk: Absence of Key Staff** Loss of key staff from service (either temporary or permanent) could result in being unable to meet statutory duties and administer an election

Service: Elections and Electoral Registration

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Partnership working arrangements	may require experienced staff from other authorities if staff absent at key times	Jackie Stoneman	02/08/2013	11/03/2019	Fully effective (1)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jill May						

## Corporate Risk Management Report - Appendix 6

**Risk: Climate Change Declaration** The implications to the Council's strategic, budget and medium term financial plans are not yet fully explored and understood. This introduces an increased level of uncertainty.

**Service: Governance**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
No Data available	Consideration by the Environment PDG	This PDG has been tasked with considering the Council's own policy response(s) to the Climate Change Declaration made at Full Council on 26 June 2019.	Catherine Yandle	19/07/2019	06/12/2019	No Score(0)

**Current Status: High (25)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 5 - Very High**

**Service Manager: Catherine Yandle**

## Corporate Risk Management Report - Appendix 6

**Risk: Cyber Security** Inadequate Cyber Security could lead to breaches of confidential information, damaged or corrupted data and ultimately Denial of Service. If the Council fails to have an effective ICT security strategy in place.

Risk of monetary penalties and fines, and legal action by affected parties

Service: I C T

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Email and Protective DNS	ICT have applied the all levels of the government secure email policy, which ensures secure email exchange with government agencies operating at OFFICIAL. PSN DNS has been configured at the Internet gateway, which ensures the validity of websites and blocks known sites.	Alan Keates	06/06/2019	15/10/2019	Fully effective (1)
Completed and evaluated	Information Security Policy in place, with update training	Information Security Policy reviewed. LMS (online policy system) included in induction.	Catherine Yandle	22/10/2015	15/10/2019	Fully effective (1)
In progress	Regular user awareness training	Staff and Member updates help to reduce the risk	Alan Keates	03/01/2019	15/10/2019	Satisfactory (2)
Completed and evaluated	Technical controls in place	Required to maintain Public Sector Network certification	Alan Keates	03/01/2019	15/10/2019	Fully effective (1)
Current Status: High (20)		Current Risk Severity: 4 - High		Current Risk Likelihood: 5 - Very High		
Service Manager: Alan Keates						

## Corporate Risk Management Report - Appendix 6

**Risk: Economic Strategy** Failure to deliver projects/outcomes in Economic Strategy

**Service: Growth, Economy and Development**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Continue to seek out existing and new funding opportunities	To assist in ensuring adequate funding for delivery.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	partnership working	Continue to work closely with delivery partners to gain advance warning of difficulties so as to seek to mitigate	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	Project Management	Continue rigorous project management, monitoring and reporting	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jenny Clifford						

**Risk: Funding** Insufficient resources (including funding) to deliver growth aspirations of Corporate Plan.

**Service: Growth, Economy and Development**

### Mitigating Action records

Mitigating Action Record						
Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Officers have reprioritised work programmes to explore new funding opportunities	End of European funding sources	Adrian Welsh	10/06/2019	10/06/2019	Satisfactory (2)
Current Status: High (16)		Current Risk Severity: 4 - High		Current Risk Likelihood: 4 - High		
Service Manager: Adrian Welsh						

## Corporate Risk Management Report - Appendix 6

**Risk: GDPR compliance** That the Council cannot demonstrate that we are compliant with GDPR requirements.

**Service: Governance**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Behind schedule	IDOX Records Handling Plan	To utilize IDOX bulk data handling tool across the Council services using Uniform	Catherine Yandle	01/03/2019	19/11/2019	Poor - action required(3)
In progress	Records Management Action Plan	To improve identified issues with records management	Catherine Yandle	15/06/2018	19/11/2019	Satisfactory (2)
Current Status: Medium (10)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 2 - Low		
Service Manager: Catherine Yandle						

## Corporate Risk Management Report - Appendix 6

**Risk: Health and Safety** Inadequate Health and Safety Policies or Risk Assessments and decision-making could lead to Mid Devon failing to mitigate serious health and safety issues

**Service: Human Resources**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Risk Assessments	Review risk assessments and procedures to ensure that we have robust arrangements in place.  In progress ready for September reports.	Michael Lowe	28/05/2013	20/11/2019	Fully effective (1)
In progress	Risk assessments	Group Managers contacted with request to update the outstanding risk reviews	Michael Lowe	20/09/2019	20/11/2019	Satisfactory (2)
Current Status: Medium (10)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 2 - Low		
Service Manager: Michael Lowe						



## Corporate Risk Management Report - Appendix 6

**Risk: Homelessness** Insufficient resources to support an increased homeless population could result in failure to meet statutory duty to provide advice and assistance to anyone who is homeless.

### Service: Housing Services

#### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Computer System	New ICT system for recording homelessness data procured and fully functional including reporting facility.	Claire Fry	05/09/2017	31/12/2019	Fully effective (1)
Completed and evaluated	Staff Support	Officers are trained and knowledgeable and the structure of Housing Options team to be reviewed to build resilience.  Homelessness strategy was reviewed Autumn 2019.	Claire Fry	22/06/2017	31/12/2019	Fully effective (1)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Claire Fry						

## Corporate Risk Management Report - Appendix 6

**Risk: Information Security** Inadequate data protection could lead to breaches of confidential information and ultimately enforcement action by the ICO.

**Service: Governance**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Awareness and Training	Attend team meetings and other meetings such as Tenants Together to provide training and answer questions on request. Articles in the Link on an ad hoc basis.	Catherine Yandle	09/08/2019	19/11/2019	Satisfactory (2)
Completed and evaluated	Breach notification	Security breaches are logged via the helpdesk and monitored for developing trends. Training and advice is offered in response to items logged.	Catherine Yandle	09/08/2019	19/11/2019	Satisfactory (2)
Current Status: High (15)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 3 - Medium		
Service Manager: Catherine Yandle						

## Corporate Risk Management Report - Appendix 6

**Risk: Infrastructure delivery** Inability to deliver, or delay in delivering, key transport infrastructure to unlock planned growth

**Service: Growth, Economy and Development**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Partnership working with infrastructure providers and statutory bodies	Reduce risk of delays and communication.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	target funding opportunities	To seek to bring forward delivery	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jenny Clifford						

## Corporate Risk Management Report - Appendix 6

**Risk: Landlord Responsibilities - Anti-social Behaviour** Failure to tackle ASB could lead to innocent victims experiencing harassment, alarm and distress

**Service: Housing Services**

**Mitigating Action records**

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Partnership Initiatives	Partnership working with Community Safety Partnership, the Police and other agencies, and membership of SW ASB Group co-ordinated by the NHF.	Claire Fry	05/09/2017	13/12/2018	Fully effective (1)
Completed and evaluated	Proactive Working	Proactive approach with a programme of Tenancy Home Checks.	Claire Fry	05/09/2017	13/12/2018	Fully effective (1)
Completed and evaluated	Staff Support	Very experienced team and in-house Solicitors with strong policies and procedures in place. This has resulted in a good history of action taken with positive publicity.	Claire Fry	05/09/2017	13/12/2018	Fully effective (1)
Current Status: No Data		Current Risk Severity: 3 - Medium		Current Risk Likelihood: 1 - Very Low		
Service Manager: Claire Fry						

**Risk: Localism Act - Community Right to Buy / Challenge** Transference of services to the community could enable the Council to identify cost savings

**Service: Financial Services**

**Mitigating Action records**

Mitigating Action Records						
Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	This is an opportunity - Communication with third parties needed		Jo Nacey	02/08/2019	02/08/2019	Satisfactory(2)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jo Nacey						

## Corporate Risk Management Report - Appendix 6

**Risk: Overall Funding Availability** Changes to Revenue Support Grant, Business Rates, New Homes Bonus and other funding streams in order to finance ongoing expenditure needs.

### Service: Financial Services

#### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Engaging in commercial activities		Jo Nacey	28/09/2017	06/01/2020	Satisfactory(2)
In progress	Medium term planning		Jo Nacey	28/09/2017	06/01/2020	Satisfactory(2)
In progress	We continue to work with managers to reduce costs and explore new income streams		Jo Nacey	07/02/2019	06/01/2020	Satisfactory(2)
Current Status: High (15)		Current Risk Severity: 5 - Very High			Current Risk Likelihood: 3 - Medium	
Service Manager: Jo Nacey						

## Corporate Risk Management Report - Appendix 6

**Risk: Reduced Funding - Budget Cuts** We are subject to continuing budget reductions. If we concentrate on short term cost savings, it may increase long term impact of decisions

**Service: Financial Services**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Business Plans	Service Business Plans are reviewed each financial year with suggestions for revised performance targets based on budget to be agreed by Cabinet Member and PDG.	Jo Nacey	28/05/2013	06/01/2020	Satisfactory (2)
In progress	Identify Efficiencies	Taking proactive steps to increase income and reduce expenditure through efficiencies, vacancies that arise and delivering services in a different way.	Andrew Jarrett	28/05/2013	06/01/2020	Satisfactory (2)
In progress	Reserves	Cabinet have taken the decision to recommend a minimum general reserve balance of 25% of Net annual budget.	Andrew Jarrett	28/05/2013	06/01/2020	Satisfactory (2)
In progress	Set Budget	Each year as part of the budget setting process, members are consulted via PDGs in time to evaluate savings proposals, ahead of the November draft budget.	Andrew Jarrett	28/05/2013	06/01/2020	Satisfactory (2)

**Current Status: High (16)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 4 - High**

**Service Manager: Jo Nacey**

## Corporate Risk Management Report - Appendix 6

**Risk: Reputational damage - social media** impact of reputational damage through social media is a significant risk that warrants inclusion on the Authority's risk register.

**Service: Communications**

**Mitigating Action records**

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Monitoring social media	Two members of the communications team monitor the main corporate social media accounts on a rota basis. Alerts are also set up so the team receives notification of comments and can respond as appropriate. This is monitored in office hours only and the team does not provide 24 hour monitoring or a call out function. The Comms Team also works with other local authorities and takes part in social media training with other local authorities as the opportunities arise budgets permitting.	Jane Lewis	05/06/2019	05/06/2019	Satisfactory (2)
Current Status: Medium (10)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 2 - Low		
Service Manager: Jane Lewis						

**Risk: S106 Agreement** Inability of the legacy systems to provide a full overview of the 'trigger points' for all of the s106 agreements

**Service: Planning**

**Mitigating Action records**

No Mitigating Action records found.

<b>Current Status: No Data</b>	<b>Current Risk Severity: 5 - Very High</b>	<b>Current Risk Likelihood: 2 - Low</b>
<b>Service Manager: Jenny Clifford</b>		

## Corporate Risk Management Report - Appendix 6

**Risk: SPV - 3 Rivers - Failure of the Company** This will depend on Economic factors and the Company's success in the marketplace commercially.

For MDDC the impacts will be:

3 Rivers are unable to service and repay the loan from MDDC

Not receiving the forecast additional income

Not supporting corporate objectives.

### Service: Financial Services

#### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Quarterly Officer Programme Board	Will receive detailed project updates and will ensure performance correlates with existing metrics, budgets, timetable and considers any specific material project risks that have been identified. Anything materially o/s of project confines would then be reported to Cabinet	Catherine Yandle	13/06/2019	06/01/2020	Satisfactory (2)
In progress	Regular monitoring	The Board of 3 Rivers deliver a half yearly report to the Cabinet which provides an update on their delivery against their business plan. We charge interest to them at a commercial rate in order to maintain an "arms-length" relationship and the interest provides some mitigation to the outstanding principal.	Jo Nacey	30/05/2019	06/01/2020	Satisfactory (2)
Current Status: High (20)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 4 - High		
Service Manager: Jo Nacey						



## Corporate Risk Management Report - Appendix 6

**Risk: SPV Disclosure requirements - 3 Rivers** Failing to maintain the balance between commercial sensitivity and the transparency and openness requirements of a wholly owned entity.

**Service: Financial Services**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Employed services of Ichabod	We can refer technical matters regarding group accounts etc. to our retained technical advisor. This is a cost effective way of receiving technical updates.	Jo Nacey	02/01/2018	06/01/2020	Satisfactory (2)
In progress	Liaison with External Auditors and 3 Rivers	We have regular discussions with our external auditors to ensure that we are providing the correct information for decision making purposes. We are mindful of the need to maintain commercial sensitivity but we are also aware that Members must be appraised to an appropriate level to be able to make informed decisions.	Jo Nacey	06/01/2020	06/01/2020	Satisfactory (2)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jo Nacey						

## Corporate Risk Management Report - Appendix 6

**Risk: SPV Governance Arrangements - 3 Rivers** Not being able to demonstrate robust challenge and decision-making.

### Service: Governance

#### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Included on AGS	This issue has been included on the Annual Governance Statement Action Plan so we do not lose sight of the issue throughout the year.	Catherine Yandle	15/07/2019	06/12/2019	Satisfactory (2)
In progress	Openness and Transparency	Regular reports to Cabinet in open session where possible.  Need to balance commercial interests with Nolan principles.	Catherine Yandle	20/05/2019	06/12/2019	Satisfactory (2)
Current Status: Medium (10)		Current Risk Severity: 5 - Very High		Current Risk Likelihood: 2 - Low		
Service Manager: Catherine Yandle						

## Corporate Risk Management Report - Appendix 6

**Risk: ST-Reduction in Garden Waste Customers** Loss of income; reduction in recycling rate

**Service: Street Scene Services**

### Mitigating Action records

Mitigating Action Progress						
Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
Completed and evaluated	Reminder to renew correspondence	To maintain the existing customer base	Lorraine Durrant	06/06/2019	05/07/2019	Fully effective (1)
Completed and evaluated	Social media campaigns & publicity	To ensure that information about the garden waste service reaches as many residents as possible	Lorraine Durrant	06/06/2019	05/07/2019	Fully effective (1)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Stuart Noyce						

## Corporate Risk Management Report - Appendix 6

**Risk: Tiverton Pannier Market** Failure to maximise the economic potential of Tiverton Pannier Market

**Service: Growth, Economy and Development**

### Mitigating Action records

Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
In progress	Continue to retain and prioritise market budget	To ensure most efficient use of resources	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	continue to work with traders on promotion	To increase footfall.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	Implement and review market strategy	Implementation of strategy will increase market's financial success and help fulfill its function as a key driver for the town.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
In progress	Masterplan Implementation	To realise benefits from the Masterplan to increase visibility of market and increase footfall.	Adrian Welsh	10/06/2019	17/09/2019	Satisfactory (2)
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Jenny Clifford						

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# Risk Matrix

## Report

Filtered by Prefix: Exclude Risk Prefix: OP, EV  
For MDDC - Services  
Current settings

<b>Risk Likelihood</b>	<b>5 - Very High</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>1 Risk</b>
	<b>4 - High</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>	<b>3 Risks</b>	<b>1 Risk</b>
	<b>3 - Medium</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>7 Risks</b>	<b>10 Risks</b>	<b>3 Risks</b>
	<b>2 - Low</b>	<b>No Risks</b>	<b>3 Risks</b>	<b>14 Risks</b>	<b>15 Risks</b>	<b>4 Risks</b>
	<b>1 - Very Low</b>	<b>2 Risks</b>	<b>3 Risks</b>	<b>1 Risk</b>	<b>4 Risks</b>	<b>5 Risks</b>
		<b>1 - Very Low</b>	<b>2 - Low</b>	<b>3 - Medium</b>	<b>4 - High</b>	<b>5 - Very High</b>
<b>Risk Severity</b>						

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# MID DEVON DISTRICT COUNCIL – NOTIFICATION OF KEY DECISIONS

March 2020

The Forward Plan containing Key Decisions is published 28 days prior to each Cabinet meeting

Title of report and summary of decision	Decision Taker	Date of Decision	Officer contact	Cabinet Member	Intention to consider report in private session and the reason(s)
<b>S106 Governance</b> To agree governance arrangements for S106 agreements	Scrutiny Committee  Cabinet	24 Feb 2020  26 Mar 2020	Jenny Clifford, Head of Planning, Economy and Regeneration Tel: 01884 234346	Cabinet Member for Planning and Economic Regeneration (Councillor Graeme Barnell)	Open
<b>Bereavement Services Fees &amp; Charges</b> To receive the annual review of Bereavement Services Fees & Charges from the Group Manager for Corporate Property and Commercial Assets	Environment Policy Development Group  Cabinet	10 Mar 2020  26 Mar 2020	Andrew Busby, Group Manager for Corporate Property and Commercial Assets Tel: 01884 234948	Cabinet Member for the Environment (Councillor Luke Taylor)	Open
<b>Environment Educational Enforcement Policy</b> To consider the policies within this review	Environment Policy Development Group  Cabinet	10 Mar 2020  26 Mar 2020	Stuart Noyce, Group Manager for Street Scene and Open Spaces Tel: 01884 244635	Cabinet Member for the Environment (Councillor Luke Taylor)	Open

<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
<b>Litter and Dog Bin Policy</b> To receive the 3 yearly review of the Litter and Dog Bin Policy from the Group Manager for Street Scene and Open Spaces	Environment Policy Development Group  Cabinet	10 Mar 2020  26 Mar 2020	Stuart Noyce, Group Manager for Street Scene and Open Spaces Tel: 01884 244635		Open
<b>Public Spaces Protection Order</b> To receive and approve the Public Spaces Protection Order from the Group Manager for Street Scene and Open Spaces	Environment Policy Development Group  Cabinet	10 Mar 2020  26 Mar 2020	Stuart Noyce, Group Manager for Street Scene and Open Spaces Tel: 01884 244635		Open
<b>Tree planting – Areas of appropriate land</b> To receive details of the proposed tree planting maps generated in response to Motion 559 (Councillor R Evans – 22 October 2019) that the council agrees to use any and all land within the ownership of the authority that is not suitable for development, for the planting of native British trees.	Environment Policy Development Group  Cabinet	10 Mar 2020  26 Mar 2020	Andrew Busby, Group Manager for Corporate Property and Commercial Assets Tel: 01884 234948	Cabinet Member for the Environment (Councillor Luke Taylor)	Open

<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
<b>Market Policy</b> To consider a review of the policy.	Economy Policy Development Group  Cabinet	12 Mar 2020  16 Apr 2020	Adrian Welsh, Group Manager for Growth, Economy and Delivery Tel: 01884 234398	Cabinet Member for Planning and Economic Regeneration (Councillor Graeme Barnell)	Open
<b>Car Parking Management Policy (housing amenity, residential and permit holder car parks)</b> To consider a review of the current policy.	Homes Policy Development Group  Cabinet	17 Mar 2020  26 Mar 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Garage Management Policy</b> To consider a review of the current policy.	Homes Policy Development Group  Cabinet	17 Mar 2020  26 Mar 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Allocations Policy and Resources</b> To consider a revised policy.	Homes Policy Development Group  Cabinet	17 Mar 2020  26 Mar 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open

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<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
<b>Housing Assistance Policy, Devon wide</b>	Homes Policy Development Group  Cabinet	17 Mar 2020  26 Mar 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Private Sector Fees and Charges</b>	Homes Policy Development Group  Cabinet	17 Mar 2020  26 Mar 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Contaminated Land Cost Recovery Policy</b> To receive the 5 yearly review of the Contaminated Land Cost Recovery Policy from the Group Manager for Public Health and Regulatory Services	Community Policy Development Group  Cabinet	24 Mar 2020  16 Apr 2020	Simon Newcombe, Group Manager for Public Health and Regulatory Services Tel: 01884 244615	Cabinet Member for Community Well Being (Councillor Dennis Knowles)	Open
<b>Community Safety Partnership</b> To consider a report from the group Manager for Public Health and Regulatory Services outlining the Council's Community Safety Action Plan, and to seek	Community Policy Development Group  Cabinet	24 Mar 2020  16 Apr 2020	Simon Newcombe, Group Manager for Public Health and Regulatory Services Tel: 01884 244615	Cabinet Member for Community Well Being (Councillor Dennis Knowles)	Open

<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
Members recommendation to acknowledge and accept the priorities action plan					
<b>3 Rivers Development Limited - Business Plan</b> To consider the business plan.	Cabinet	26 Mar 2020	Andrew Jarrett, Deputy Chief Executive (S151) Tel: 01884 234242	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Fully exempt
<b>Cullompton Railway Station Project</b> To consider a report on proposed governance arrangements	Cabinet	26 Mar 2020	Jenny Clifford, Head of Planning, Economy and Regeneration Tel: 01884 234346	Cabinet Member for Planning and Economic Regeneration (Councillor Graeme Barnell)	Open
<b>Corporate Asbestos Policy</b> To consider a revised policy.	Cabinet	26 Mar 2020	Andrew Jarrett, Deputy Chief Executive (S151) Tel: 01884 234242	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Cleaning Contractors</b> To approve the outcome of the procurement exercise.	Cabinet	26 Mar 2020	Andrew Jarrett, Deputy Chief Executive (S151) Tel: 01884 234242	Cabinet for the Working Environment and Support Services (Councillor Nikki Woollatt)	Open

<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
<b>Beech Road, Tiverton - Design and Build Tender</b> To consider the award of the tender	Cabinet	26 Mar 2020	Andrew Jarrett, Deputy Chief Executive (S151) Tel: 01884 234242	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Part exempt
<b>Contract for Refurbishment and Replacement of Playground Equipment</b> To consider the tender outcome.	Cabinet	26 Mar 2020	Andrew Busby, Group Manager for Corporate Property and Commercial Assets Tel: 01884 234948	Cabinet Member for the Environment (Councillor Luke Taylor)	Part exempt
<b>Sale of Harlequin Valet (Cullompton) Site</b> To consider the sale of this site.	Cabinet	26 Mar 2020	Andrew Busby, Group Manager for Corporate Property and Commercial Assets Tel: 01884 234948	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Fully exempt
<b>Statement of Community Involvement Review 2018</b> Report to seek authority to consult on the draft revised text.....	Scrutiny Committee  Cabinet  Council	6 Apr 2020  16 Apr 2020  29 Apr 2020	Jenny Clifford, Head of Planning, Economy and Regeneration Tel: 01884 234346	Cabinet Member for Planning and Economic Regeneration (Councillor Graeme Barnell)	Open
<b>Tiverton Town Centre</b>	Cabinet	16 Apr 2020	Jenny Clifford, Head	Cabinet Member	Open

<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
<b>Masterplan Stage II Consultation</b> To request approval to go out to Stage II consultation on the masterplan documents			of Planning, Economy and Regeneration Tel: 01884 234346	for Planning and Economic Regeneration (Councillor Graeme Barnell)	
<b>Town Centre and Fore Street Flat Remodelling Projects</b> To consider the proposed projects	Cabinet	16 Apr 2020	Andrew Jarrett, Deputy Chief Executive (S151) Tel: 01884 234242	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Design Supplementary Planning Document - post consultation</b> To consider the Supplementary Planning Document post consultation	Cabinet	14 May 2020	Jenny Clifford, Head of Planning, Economy and Regeneration Tel: 01884 234346	Cabinet Member for Planning and Economic Regeneration (Councillor Graeme Barnell)	Open
<b>3 Rivers Developments Limited - Additional Governance Arrangements for Housing Delivery</b> To consider additional governance arrangements for housing delivery	Scrutiny Committee  Cabinet	27 Apr 2020  14 May 2020	Andrew Jarrett, Deputy Chief Executive (S151) Tel: 01884 234242	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Climate Strategy and Action Plan</b> To receive the 4 yearly	Environment Policy Development		Andrew Busby, Group Manager for Corporate Property	Cabinet Member for the Environment	Open

<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
review of the Climate Strategy and Action Plan from the Group Manager for Corporate Property and Commercial Assets.	Group  Cabinet	19 May 2020  11 Jun 2020	and Commercial Assets Tel: 01884 234948	(Councillor Luke Taylor)	
<b>Report on DCC responsibility for HRA grass verges</b> To receive a report on grass cutting currently carried out by the Housing Team which is the responsibility of DCC and to make a decision on whether this practice should continue.	Environment Policy Development Group  Cabinet	19 May 2020  11 Jun 2020	Claire Fry, Group Manager for Housing Tel: 01884 234920	Cabinet Member for the Environment (Councillor Luke Taylor)	Open
<b>Devon District Council's Joint Safeguarding Policy and MDDC Guidance and Procedures</b> To consider a revised policy	Cabinet  Community Policy Development Group	Not before 1st Jun 2020  Not before 1st Jun 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet for the Working Environment and Support Services (Councillor Nikki Woollatt)	Open
<b>EHOD Economic Development Strategy</b> To consider a revised strategy	Economy Policy Development Group	21 May 2020	Adrian Welsh, Group Manager for Growth, Economy and Delivery Tel:	Cabinet Member for Planning and Economic Regeneration	Open



<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
	Cabinet	11 Jun 2020	01884 234398	(Councillor Graeme Barnell)	
<b>Domestic Abuse Policy</b> To receive a report reviewing the Domestic Abuse Policy	Homes Policy Development Group  Cabinet	26 May 2020  11 Jun 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Leasehold Management Policy</b> To receive a report reviewing the Leasehold Management Policy.	Homes Policy Development Group  Cabinet	26 May 2020  11 Jun 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>ASB Policy and Procedures</b> To receive a report reviewing the Housing Services' Anti-Social Behaviour Policy and Procedures.	Homes Policy Development Group  Cabinet	26 May 2020  11 Jun 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Tenancy Policy review and Tenancy Strategy</b> To receive a report reviewing the Tenancy Policy and Tenancy Strategy.	Homes Policy Development Group  Cabinet	26 May 2020  11 Jun 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Housing Enabling SPD</b>	Homes Policy		Jill May, Director of	Cabinet Member	Open

<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
<b>(S106 - Housing Need Allocation - Exception Sites)</b> To receive a report reviewing the Housing Enabling SPD document	Development Group  Cabinet	26 May 2020  11 Jun 2020	Corporate Affairs and Business Transformation Tel: 01884 234381	for Housing and Property Services (Councillor Simon Clist)	
<b>Housing Revenue Account Asset Management Strategy</b> To receive a report providing a review of the Housing Revenue Account Asset Management Strategy.	Homes Policy Development Group  Cabinet	26 May 2020  11 Jun 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Tenancy Changes Policy</b> To receive a report reviewing the Tenancy Changes Policy.	Homes Policy Development Group  Cabinet	26 May 2020  11 Jun 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Greater Exeter Strategic Plan</b> To receive and note a report from the Head of Planning and Regeneration on the progress of the Greater Exeter Strategic Plan	Scrutiny Committee  Cabinet	June 2020  June 2020	Jenny Clifford, Head of Planning, Economy and Regeneration Tel: 01884 234346	Cabinet Member for Planning and Economic Regeneration (Councillor Graeme Barnell)	Open

<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
<b>Use of CCTV Policy and Guidance</b> To receive and approve the Use of CCTV Policy and Guidance	Community Policy Development Group  Cabinet  Council	2 Jun 2020  Not before 23rd Jul 2020  Not before 30th Jul 2020	Andrew Busby, Group Manager for Corporate Property and Commercial Assets Tel: 01884 234948	Cabinet Member for Community Well Being (Councillor Dennis Knowles)	Open
<b>Tenancy Inspection Policy</b> To receive a report reviewing the Tenancy Inspection Policy	Homes Policy Development Group  Cabinet	21 Jul 2020  6 Aug 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Joint Exeter and Heart of Devon (EHOD) Economic Development Strategy</b> To consider a revised strategy	Economy Policy Development Group  Cabinet	10 Sep 2020  1 Oct 2020	Jenny Clifford, Head of Planning, Economy and Regeneration Tel: 01884 234346	Cabinet Member for Planning and Economic Regeneration (Councillor Graeme Barnell)	Open
<b>Aids and Adaptations Policy</b> To receive a report reviewing the Aids and Adaptations Policy.	Homes Policy Development Group  Cabinet	15 Sep 2020  1 Oct 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open

<b>Title of report and summary of decision</b>	<b>Decision Taker</b>	<b>Date of Decision</b>	<b>Officer contact</b>	<b>Cabinet Member</b>	<b>Intention to consider report in private session and the reason(s)</b>
<b>Introductory Tenancies Policy</b> To receive a report reviewing the Introductory Tenancies Policy	Homes Policy Development Group  Cabinet	15 Sep 2020  1 Oct 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Service Standards Review</b> To receive a report reviewing Service Standards in the Housing Service.	Homes Policy Development Group  Cabinet	15 Sep 2020  1 Oct 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open
<b>Severe Weather Emergency Protocol and Extended Winter Provision Protocol</b> To receive a report reviewing the Severe Weather Emergency Protocol and Extended Winter Provision Protocol.	Homes Policy Development Group  Cabinet	15 Sep 2020  1 Oct 2020	Jill May, Director of Corporate Affairs and Business Transformation Tel: 01884 234381	Cabinet Member for Housing and Property Services (Councillor Simon Clist)	Open

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