

Public Document Pack

Mid Devon District Council

Homes Policy Development Group

Tuesday, 21 January 2020 at 2.15 pm
Exe Room, Phoenix House, Tiverton

Next ordinary meeting
Tuesday, 17 March 2020 at 2.15 pm

Those attending are advised that this meeting will be recorded

Membership

Cllr Mrs E M Andrews
Cllr R J Dolley
Cllr J Cairney
Cllr D R Coren
Cllr L J Cruwys
Cllr C J Eginton
Cllr F W Letch
Cllr S J Penny

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 and Substitute Members**
To receive any apologies for absence and notice of appointment of substitutes.
- 2 **Declaration of Interests 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.
- 3 **Public Question Time**
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
- 4 **Minutes (Pages 5 - 12)**
Members to consider whether to approve the minutes as a correct record of the meeting held on 3 December 2019.

- 5 **Chairman's Announcements**
To receive any announcements that the Chairman may wish to make.
- 6 **Performance and Risk Report** *(Pages 13 - 20)*
To receive a report from the Director of Operations providing 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.
- 7 **Financial Monitoring**
To receive a verbal update from the Principal Accountant presenting a financial update in respect of the income and expenditure so far in the year.
- 8 **General Fund Budget update for 2020/21** *(Pages 21 - 44)*
To receive a report from the Deputy Chief Executive (S151) reviewing the revised draft General Fund budget changes identified and discuss any further changes required in order for the Council to move towards a balanced budget for 2020/21.
- This report will be considered by the Cabinet on 16 January 2020. The Homes Policy Development Group are asked to feed back any comments they may have to the Cabinet for their meeting on 13 February before the budget is finally agreed by Council on 26 February 2020.
- 9 **Draft 2020/21 Housing Revenue Account (HRA) Budget** *(Pages 45 - 58)*
To receive a report from the Deputy Chief Executive (S151) providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) in 2020/21. It includes a proposal on the rent increase and a schedule of other fees and charges.
- 10 **HRA Medium Term Financial Plan** *(Pages 59 - 64)*
To receive a report from the Deputy Chief Executive (S151) providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) from 2020/21 – 2023/24.
- 11 **Tenant Compensation Policy** *(Pages 65 - 88)*
To receive a report from the Group Manager for Building Services advising Members of the revised improvements to the Tenant Compensation Policy.
- 12 **Improvements to Council Properties Policy** *(Pages 89 - 104)*
To receive a report from the Group Manager for Building Services presenting the revised Improvements to Council Properties Policy.
- 13 **Income Management Policy** *(Pages 105 - 126)*
To receive a report from the Group Manager for Housing reviewing the Housing Service Income Management Policy by virtue of a time bar.

- 14 **Housing Sector Update** (*Pages 127 - 136*)
To receive a report from the Group Manager for Housing Services informing the Group about recent news items relating to social housing.
- 15 **Identification of items for the next meeting**
Members are asked to note that the following items are already identified in the work programme for the next meeting:
- Performance and Risk
 - Financial Monitoring
 - Allocations Policy
 - Garage Management Policy
 - Car Parking Management Policy (amenity, residential etc.)
 - Housing Sector update
 - Housing Revenue Account Asset Management Strategy (to be confirmed)
 - Chairman's Annual report for 2019/20

Note: This item is limited to 10 minutes. There should be no discussion on the items raised.

Stephen Walford
Chief Executive
Monday, 13 January 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 to 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.

An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, or

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

Tel: 01884 234310

E-Mail: slees@middevon.gov.uk

MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **HOMES POLICY DEVELOPMENT GROUP** held on 3 December 2019 at 2.15 pm

Present

Councillors

R J Dolley (Chairman)
J Cairney, D R Coren, L J Cruwys,
W J Daw, C J Eginton, F W Letch and
S J Penny

Apologies

Councillor(s)

Mrs E M Andrews

Also Present

Councillor(s)

R L Stanley

Also Present

Officer(s):

Stephen Walford (Chief Executive), Andrew Pritchard (Director of Operations), Claire Fry (Group Manager for Housing), Catherine Yandle (Group Manager for Performance, Governance and Data Security), Joanne Nacey (Group Manager for Financial Services), J P McLachlan (Principal Accountant), Michael Parker (Housing Options Manager) and Sarah Lees (Member Services Officer)

44 **APOLOGIES AND SUBSTITUTE MEMBERS**

Apologies were received from Cllr Mrs E Andrews.

45 **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

There were no interests declared under this item.

46 **PUBLIC QUESTION TIME**

There were no questions from the two members of the public present.

47 **MINUTES**

The minutes of the meeting held on 1 October 2019 were confirmed as a correct record and **SIGNED** by the Chairman.

48 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

- Cllr F Letch would be replacing Cllr Mrs I Hill on the Group for the foreseeable future.

- He thanked the Director of Operations, Mr Andrew Pritchard, for all he had done to support the Group over recent years and wished him well in his new role.

49 SYRIAN VULNERABLE PERSONS RESETTLEMENT SCHEME (SVPRS) (00:04:00)

The Group had before it, and **NOTED**, a report * from the Group Manager for Housing Services providing an update to the Policy Development Group on the provision of housing for Syrian Refugees in Mid Devon.

The contents of the report were outlined and a further update provided. It was noted that:

- A landlord in Crediton, who had made a property available to provide a home for a Syrian family, was now in contract with a third party which will manage the property and a request has been made to the Home Office seeking the identification of a suitable family to move in early in 2020. A positive outcome was envisaged.
- It was confirmed that the Council had housed three families since the scheme was approved.
- It was agreed that the way forward was to work very closely with Devon County Council and to judge each particular situation on a case by case basis.
- The work of the officers in doing what they had to secure the housing of these families was recognised and it was stated that there would be a six monthly update to this Group going forwards.

Note: * Report previously circulated; copy attached to the signed minutes.

50 HOMELESSNESS STRATEGY 2020 - 2025 (00:10:19)

The Group had before it a report * from the Group Manager for Housing Services regarding the homelessness and rough sleeping strategy which now required review.

The following was highlighted within the report:

- In accordance with the Homelessness Act 2002, the Council must undertake a review of homelessness in the district on a five yearly basis and was required to have a homelessness strategy. The existing strategy covered the period from 2013 to 2018 and was extended by delegated decision made by the Cabinet Member for Housing to run until the end of 2019. The new draft strategy also included actions associated with rough sleeping.
- A consultation with stakeholders informed the review of the homelessness strategy. Officers in the housing options team were consulted, as were other colleagues within the Council. A meeting for councillors was held on 4 March 2019 and external stakeholders were invited to another meeting which took place on 8 March 2019. Two agencies had commented that whilst the strategy was very comprehensive, the action plan did not include very many 'smart' targets. This was taken on board by officers and it was confirmed that the action plan would be responsive to change and would be kept under review. Updates would be provided to the Group on a half-yearly basis.

- The strategy would include a live link to the Council's website and this would be refreshed on a quarterly basis.

Consideration was given to:

- CHAT had held two open evening evenings recently, one in Tiverton and one in Crediton. It was stated by the councillor who had attended the Crediton event that he had been the only district councillor present which was disappointing. The work of CHAT was highly commended as an extremely useful resource for families experiencing difficulties.
- The need for larger properties surpassed the number of properties available.
- Although the Council had been invited to bid for funding from the Rough Sleeping Initiative for a further twelve months, a need to identify other funding streams to continue this work should grant funding not be available in future years was seen as a priority.
- The Chairman informed the Group that Old Heathcoat School would again be providing a free Christmas meal to those people in need on Christmas Day.

RECOMMENDED to the Cabinet that the revised Homelessness Strategy 2020 – 2025 be approved.

(Proposed by the Chairman)

Note: * Report previously circulated; copy attached to the signed minutes.

51 **PERFORMANCE AND RISK REPORT (00:23:17)**

The Group had before it, and **NOTED**, a report * from the Director of Operations providing 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.

The contents of the report were outlined with reference in the report to the performance of the areas falling under the remit of this Group. 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 30 September.

Note: * Report previously circulated; copy attached to the signed minutes.

52 **FINANCIAL UPDATE FOR THE SIX MONTHS TO 30 SEPTEMBER 2019 (00:25:40)**

The group had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) presenting a financial update in respect of the income and expenditure so far in the year.

The key highlights within the report were as follows:

- This was the second report to the Group in the current financial year meaning that it was now easier to predict the end of year position.

- The forecasted General Fund surplus for the current year was £29k after transfers to and from Earmarked Reserves. This position had improved since Quarter 1.
- The most significant variances included additional waste savings and a large planning application.
- Overall the HRA was forecasted to be underspent by £486k in 2019/20, any surplus at the year end would be transferred to the maintenance fund.
- On the treasury management side the forecast was still volatile, however, there had been an increase in the interest received due to higher balances. It was confirmed that the Council had not undertaken any new borrowing this year.

Discussion took place with regard to the impact a saving of £163k in the repairs and maintenance area would have on the delivery of that service as the Customer Experience Working Group had received feedback that repairs were taking a long time to be actioned. The Director of Operations responded by stating that he was not aware of such feedback and requested that specific details be forwarded to him so that he could follow it up.

Note: * Report previously circulated; copy attached to the signed minutes.

53 **DRAFT 2020/21 GENERAL FUND AND CAPITAL BUDGETS (00:32:37)**

The Group had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) considering the initial draft 2020/21 budget and the options available in order for the Council to set a balanced budget and agree a future strategy for further budget reductions for 2021/22 onwards.

The contents of the report were outlined with particular reference to the following:

- The Council had awaited with some trepidation the outcome of the Fair Funding Review and Business Rates reset which was due to be published in September of this year. Due to the pressure of Brexit, the Government had been unable to complete this piece of work and have instead confirmed that they will issue a one year settlement. This has resulted in the Fair Funding Review being postponed for a year.
- The initial aggregation of all service budgets (which also included assumptions surrounding predictions of interest receipts, contributions to the Council's capital programme, transfers from/to reserves and Council Tax levels) currently indicated a General Fund budget gap of £346k.
- The Group were reminded of the steps that had already been taken by the Council since the austerity programme began in 2010/11 and were directed to a list of the challenges that had been encountered in trying to balance the budget in recent years.
- A 2% increase in the salaries budget had been assumed, although this was linked to the national pay award.
- A budget consultation had been issued and 408 returns had been received. Officers would be exploring these responses and reflecting them back through an updated draft budget report to all Policy Development Groups in January 2020.

Note: * Report previously circulated; copy attached to the signed minutes.

54 **DRAFT 2020/21 HOUSING REVENUE ACCOUNT (HRA) BUDGET (00:42:37)**

The Group had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) and Director of Operations considering the options available in order for the Council to set a balanced HRA budget for 2020/21.

The contents of the report were outlined with particular reference to the following:

- The report presented a proposed balanced budget for the HRA for 2020/21 and showed the over-all make-up of the budget at summary level as well as an extract from the planned and cyclical maintenance budget. It also showed the rental forecast figures for 2020/21, proposed garage rents and garage ground rents for 2020/21.
- Key issues related to Right to Buy Property Sales and Rent changes.
- Any surplus or deficit would be transferred to the maintenance fund

A brief discussion took place with regard to the effect of 'Right to Buy' on the council's finances.

Note: * Report previously circulated; copy attached to the signed minutes.

55 **HRA MEDIUM TERM FINANCIAL PLAN (00:51:58)**

The Group had before it, and **NOTED**, a report * from the Deputy Chief Executive (S151) and Director of Operations providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) from 2020/21 – 2023/24.

It was explained that as well as collating a draft HRA budget for 2020/21 which proposed a balanced budget position, the Group Manager for Housing Services and Building Services, together with the HRA Accountant, had agreed assumptions for the forthcoming years, in order to determine a reasonable forecast of the financial position of the HRA in the coming years.

A breakdown of the four year plan was included as an appendix to the report and included assumptions based on a 2% salary increase and pension changes. It also included estimates in relation to fees and charges and the change to the rent policy.

Note: * Report previously circulated; copy attached to the signed minutes.

56 **DRAFT CORPORATE PLAN 2020 - 2024 (00:54:25)**

The Group had before it, and **NOTED**, a report * from the Chief Executive considering the first draft text of a new Corporate Plan which will replace the current plan (expiring in March 2020).

The Chief Executive explained that the report before the Group was being presented to each Policy Development Group with the comments and views from each Group being fed back to the Cabinet before a final draft was considered by full Council in February 2020. If Members had any views they wanted conveying following the meeting they could do so through the Clerk.

The report reflected all the hard work that had been undertaken by Members at an Away Day in September and subsequent comments made regarding the future direction and focus of the council.

Discussion took place regarding:

- The tension within the document at this early stage between competing priorities and competing objectives. It was likely that the final plan would not necessarily contain 'absolute' statements on definitive approaches, since the decisions on how to implement activity and actions would be taken at a more detailed level at the appropriate time. However, it was important that the Corporate Plan set out what the Council was trying to achieve for the good of the local community.
- The difference between having direct control over an issue as a district council as compared to only having the ability to influence or lobby, for example, lobbying Devon County Council regarding the provision of post 16 education within the district. This was a good example of an issue that was collectively important across the district but which the Council had no direct control over.
- Another example of the Council working with partners would be to promote issues for the over 65's such as free bus passes as a means of promoting healthy lifestyles physically, socially and mentally.
- The need for a national policy for new developments regarding such issues as the installation of solar panels on new buildings.
- Whether information regarding emissions from farm animals was truly accurate?
- An analysis of the Council's carbon footprint would be brought to the Cabinet on 19 December 2019. The report would include all the necessary links to point Members in the direction of relevant information.
- Developers had become increasingly keen on stating that 'building materials' were locally sourced' but where a product was made and transported from needed to be borne in mind as well.

Note: * Report previously circulated; copy attached to the signed minutes.

57 DHC PRESENTATION (01:29:24)

The Group Manager for Housing Services and the Housing Options Manager provided the Group with a presentation on Devon Home Choice and outlined how the system operated. This included reference to the following:

- Legal requirements
- Relevant legislation
- Regulatory Framework
- Tenancy Standard
- Partnership approach
- Website where properties are advertised
- Numbers of houses allocated and to tenants in which Band
- The criteria for applying e.g. local connection
- Available homes
- S106 planning conditions

- The bidding process
- Customer survey results
- Tenancy Fraud

Consideration was given to:

- The difficulties involved in the Council trying to house a family in a larger house if the current occupant, who might be living on their own, had security of tenure.
- The temporary exclusion of tenants from the choice based letting scheme if they had already refused 3 or more properties.
- How stressful it could be for individuals and families trying to engage with the DHC process in order to find a home, this was not to be underestimated in any way.
- The heavy caseloads of officers in the Housing Options team.

58 IDENTIFICATION OF ITEMS FOR THE NEXT MEETING

No further issues were identified for the next meeting other than those already listed in the work programme.

(The meeting ended at 4.25 pm)

CHAIRMAN

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HOMES PDG
21 JANUARY 2020

PERFORMANCE AND RISK REPORT

Cabinet Member Cllr Simon Clist, Cabinet Member for Housing
Responsible Officer Director of Operations, Andrew Pritchard

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(S): That the PDG reviews the Performance Indicators and Risks that are outlined in this report and feeds back any areas of concern to the Cabinet.

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 Appendix 1 provides Members with details of performance against the Corporate Plan and local service targets for the 2019-20 financial year. The PDG is invited to suggest measures they would like to see included in the future for consideration.
- 1.2 Appendix 2 shows the section of the Corporate Risk Register which relates to the Economy Portfolio. See 3.0 below.
- 1.3 Appendix 3 shows the profile of all risks for Homes at present.
- 1.4 All appendices are produced from the corporate Service Performance And Risk management system (SPAR).

2.0 Performance

- 2.1 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.
- 2.2 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.
- 2.3 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.
- 2.4 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.
- 2.5 **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.
- 2.6 Housing performance remains in the top quartile compared with HouseMark.

3.0 Risk

- 3.1 Risk reports to committees include strategic risks with a current score of 10 or more in accordance. (See Appendix 2)
- 3.2 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.
- 3.3 The Corporate risk register is regularly reviewed by Group Managers' Team (GMT) and Leadership Team (LT) and updated as required.

4.0 Conclusion and Recommendation

- 4.1 That the PDG reviews the performance indicators and risks for 2019-20 that are outlined in this report and feeds back any areas of concern to the Cabinet.

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 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			
% 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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Homes PDG Risk Management Report - Appendix 2

Report for 2019-2020

For Homes - Cllr Simon Clist Portfolio

Filtered by Flag: Include: * Corporate Risk Register

For MDDC - Services

Not Including Risk Child Projects records, Including Mitigating Action records

Key to Performance Status:

Mitigating
Action:

Milestone
Missed

Behind
schedule

In progress

Completed
and
evaluated

No Data
available

Risks: No Data (0+)

High (15+)

Medium (6+)

Low (1+)

Homes PDG Risk Management Report - Appendix 2

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	Claire Fry	22/06/2017	31/12/2019	Fully effective(1)

Homes PDG Risk Management Report - Appendix 2						
Mitigating Action records						
Mitigation Status	Mitigating Action	Info	Responsible Person	Date Identified	Last Review Date	Current Effectiveness of Actions
		strategy was reviewed Autumn 2019.				
Current Status: Medium (12)		Current Risk Severity: 4 - High		Current Risk Likelihood: 3 - Medium		
Service Manager: Claire Fry						
Printed by: Catherine Yandle			SPAR.net		Print Date: 02 January 2020 11:25	

Risk Matrix Homes Appendix 3

Report For Homes - Cllr Simon Clist Portfolio Current settings

Risk Likelihood	5 - Very High	No Risks	No Risks	No Risks	No Risks	No Risks
	4 - High	No Risks	No Risks	No Risks	No Risks	No Risks
	3 - Medium	No Risks	1 Risk	1 Risk	1 Risk	No Risks
	2 - Low	No Risks	No Risks	3 Risks	1 Risk	No Risks
	1 - Very Low	No Risks	No Risks	No Risks	2 Risks	7 Risks
		1 - Very Low	2 - Low	3 - Medium	4 - High	5 - Very High
		Risk Severity				

Printed by: Catherine
Yandle

SPAR.net

Print Date: 02 January 2020
16:28

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HOMES PDG
21 JANUARY 2020

BUDGET 2020/21 - UPDATE

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

Reason for the report: To review the revised draft budget changes identified and discuss 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).

RECOMMENDATION:

- 1) To consider and agree the updated budget proposals for 2020/21 included in Appendix 1 and 2 and the Capital Programme included in Appendix 4.**
- 2) To agree to the payment in advance of the next 3 Years' Pension Deficit (see Section 4)**
- 3) To note the revised Medium Term Financial Plan (MTFP).**
- 4) To agree a minimum General Reserves (General Fund) limit of £2m see Section 5 and Appendix 6.**

Relationship to the Corporate Plan: To deliver our Corporate Plan's priorities within existing financial resources.

Financial Implications: The current budget for the General Fund shows a deficit of £177k. In addition we have predicted a funding deficit of £1.483m on our General Fund in 2021/22. This highlights the need to take steps to plan for further reductions to our ongoing expenditure levels.

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.

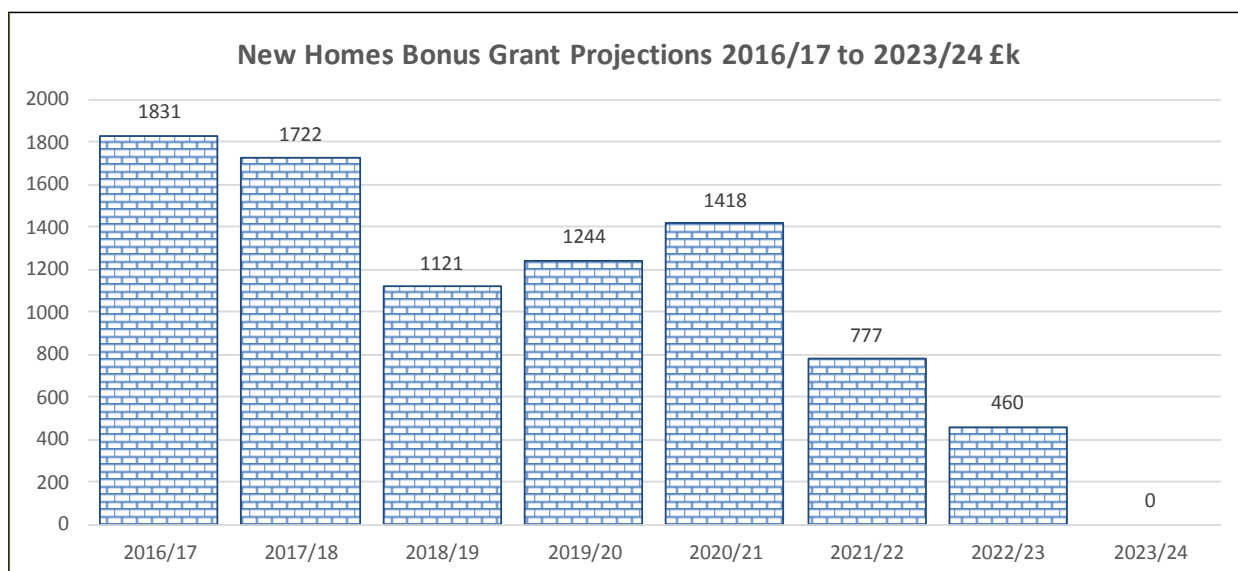
Risk Assessment: In order to comply with the requirement to set a balanced budget, management must ensure that the proposed savings are robust and achievable. We must also ensure that the assumptions we have used are realistic and prudent. Failure to set a robust deliverable budget puts the Council at 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 As this Report has been compiled, we have just received the Provisional Settlement from Central Government for 2020/21. The Provisional Settlement has confirmed the assumptions we have made in our budget setting. Members will recall that we are expecting only a one-year settlement as the Fair Funding Review and Business Rates Baseline reset has been delayed by a year. The Provisional Settlement has brought us an additional £88k in Business Rates in relation to previous years' assumptions. Due to the uncertainty of the baseline reset in 21/22 and the fact that we do not confirm our Business Rates levels until the end of January, we are proposing to put these funds in the Business Rates Smoothing Reserve which helps address the volatility of Business Rates and the impact of appeals.
- 1.2 Within our assumptions we have increased the Council Tax on a Band D property by £5. The Provisional Settlement has confirmed this will be within the referendum limits which have previously stood at 1.99% but in recent years have been higher with an additional choice of £5 for Shire districts. This would give us an extra £28k over the 1.99% limit
- 1.3 We have also based our New Homes Bonus (NHB) income on the current methodology. Although we are prudent in limiting the amount of NHB we use to support our revenue services, we need the future funding stream to support our capital projects.
- 1.4 The Provisional Settlement confirmed our fears that NHB will be eliminated over the next 3 years and there is no confirmation of a replacement. This is a significant risk to our Capital Programme funding. Below is a table showing how NHB has reduced over the last few years.



NB. 16/17 was the first and only year we received 6 years' payment. Followed by 5 years' in 17/18; 4 years' in 18/19, 19/20 and 20/21. We believe we will receive 2 years' in 21/22; 1 in 22/23 and then nil 23/24. From 17/18 councils have also suffered a 0.4% top-slice of growth.

2.0 2020/21 General Fund Budget – Revised Position

- 2.1 Since the first round Cabinet and PDG meetings the Finance team and Group Managers have been revisiting a range of budgets to deliver more savings or increase income levels. These options will have been discussed with the relevant portfolio holders.
- 2.2 The table below shows the position that was reported to Cabinet in October 2019 and highlights the movements since then to arrive at the current budget gap position. A more detailed view is shown in Appendix 2.

Table 1 – Reconciliation of Major 2020/21 Budget Variances

Movements	Amount £k
20/21 Budget Shortfall (Cabinet Report 17/10/19)	346
Further Cost Pressures identified	293
Additional Savings identified	-613
Change in Pensions Lump sum and rate	41
Additional Rural Services Delivery Grant	-92
Reduction (net) recharge to HRA	100
Minimum Revenue Provision (MRP) reduction	-10
Pensions Deficit – upfront payment	-32
Impairment of 3Rs loan	131
Business Rates Forecast adjustment	261
Use of Earmarked Reserves – for specific pressures	-248
Draft budget gap for 2020/21	177

3.0 Consultation

- 3.1 Members will be aware that we undertook a Public Consultation alongside our budget setting process to capture the priorities of our communities. This has helped inform our deliberations and ensure that we understand what is most important to our council taxpayers and in particular, the services they want us to protect wherever possible.

4.0 Pension Fund

- 4.1 We have been notified by the Devon Pension Fund that the employers' contributions for 20/21 will need to increase from 14.7% to 16.6% this adds £177k to our costs but is partly offset by a reduction in our lump sum payment of £134k. This is reflected in the detailed Gap Tracker (Appendix 2).
- 4.2 We have also been given two options by the Pension Fund to reduce our future lump sum payments by paying in advance. Option 1 allows us to make an advance payment but this would be spread over the whole of the deficit period. Option 2 which is our preferred option allows us to pay 3 years' deficit lump sum payments in advance and to take a 4.5% reduction in the lump sum cost. With our return on investments generally providing less than 1%, this is an attractive proposal to reduce costs. In-keeping with accountancy practice, the benefit and cost would be spread across the 3 years although the cash will be paid in one tranche. This would reduce our budget gap by c£32k for each of the next 3 years.

4.3 Members are asked to approve Option 2 in the recommendations.

5.0 Minimum Level of Reserves

5.1 Budget Setting is a good time to consider the level of reserves required to fund known pressures (from earmarked reserves) and adhoc pressures which would need to be found from General Reserves.

5.2 We have undertaken a review of General Reserves. The methodology used and recommendation of a minimum level of £2m is shown in Appendix 6.

6.0 Medium Term Financial Plan (MTFP)

6.1 The table below shows the effect of the proposals in this budget report on the MTFP over the next four years.

MDDC MTFP Document Table - MTFP Summary					
	2020/21 £	2021/22 £	2022/23 £	2023/2024 £	2024/2025 £
Net Service Costs	10,309,779	10,709,427	10,207,699	10,348,281	10,376,677
Net Interest Costs	-158,104	-100,416	-7,082	-5,082	-3,082
Provision for Repayment of Borrowing	767,540	842,140	841,420	1,100,830	1,202,884
Earmarked Reserves - New Homes Bonus	1,418,190	776,750	460,260	0	0
Earmarked Reserves - Other	-615,013	24,787	80,887	465,067	360,483
General Reserves	0	0	0	0	0
Total Budget Requirement	11,722,392	12,252,688	11,583,184	11,909,096	11,936,962
Funded By:					
Retained Business Rates	-3,142,727	-3,014,940	-3,061,859	-3,114,850	-3,246,052
Business Rates prior year surplus/deficit	-95,230	0	0	0	0
Pooling Dividend	-150,000	-150,000	-150,000	-150,000	-150,000
Revenue Support Grant	0	0	0	0	0
Rural Services Delivery Grant	-466,695	-466,695	-466,695	-466,695	-466,695
BR Levy Surplus Grant	0	0	0	0	0
New Homes Bonus	-1,418,190	-776,750	-460,260	0	0
Council Tax-MDDC	-6,064,831	-6,272,132	-6,482,973	-6,697,396	-6,915,467
Council Tax prior year surplus/deficit	-112,000	0	0	0	0
Total Funding	11,544,903	10,680,517	10,621,787	10,428,941	10,778,214
Gap – Increase/In-year	177,488	1,394,682	-610,774	518,758	-321,407
Gap – Cumulative	177,488	1,572,171	961,397	1,480,155	1,158,748

7.0 SW Mutual Bank

7.1 Members will recall that we invested £50k alongside other District councils to facilitate the first stage of a proposal by SW Mutual to establish branches across the South West. Please see Appendix 5 for an update from the founders.

8.0 Conclusion

8.1 It is encouraging that the Council has managed to significantly close the budget gap of £346k discussed at earlier meetings, considering the factors that have been outside of our control such as inflation; the increase in Employers' pension contribution rates and business rates volatility.

8.2 Moving forward Members and officers need to look to the pressures over the next few years reflected in our recently updated MTFP and our need to address ongoing pressures which cannot be satisfactorily addressed by the one-off use of reserves.

- 8.3 In order to conclude the statutory budget setting process, this updated draft budget position will go through Cabinet, another round of PDG's, Scrutiny, and a final meeting of the Cabinet before being agreed at Full Council on the 26 February 2020. During this period officers will continue to identify and examine further savings possibilities that can reduce the current budget gap.

Contact for more information: Andrew Jarrett – Deputy Chief Executive (S151) / ajarrett@middevon.gov.uk / 01884 234242

Background Papers: Draft 2020/21 Budget Papers
Provisional Settlement Email

Circulation of the Report: Leadership Team, Cabinet Member for Finance,
and Group Managers

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GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2020/21

	2019/2020 Annual Budget	Movement	2020/2021 Proposed Budget
Notes	£	£	£
Cabinet	4,864,030	80,231	4,944,261
Community	3,526,058	(153,413)	3,372,645
Economy	(466,080)	(134,290)	(600,370)
Environment	2,735,050	(27,660)	2,707,390
Homes	1,169,080	166,120	1,335,200
TOTAL NET DIRECT COST OF SERVICES	11,828,138	(69,012)	11,759,126
Net recharge to HRA	(1,571,110)	89,480	(1,481,630)
Provision for the financing of capital spending	333,280	466,541	799,821
NET COST OF SERVICES	10,590,308	487,009	11,077,317
PWLB Bank Loan Interest Payable			
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)	(154,782)	(597,322)
Transfers into Earmarked Reserves	2,267,363	329,687	2,597,050
Transfers from Earmarked Reserves	(2,146,050)	352,180	(1,793,870)
Proposed Contribution from New Homes Bonus Reserve	(253,350)	253,350	-
TOTAL BUDGETED EXPENDITURE	10,178,731	1,543,662	11,722,393
Funded by: -			
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)	(24,360)	(3,237,957)
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)
TOTAL FUNDING	(10,178,731)	(1,366,173)	(11,544,904)
REQUIREMENT TO BALANCE THE BUDGET	-	177,489	177,489

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 Retained - The movement between the two years reflects 100% retention to 50% retention of growth.
9. 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.

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Appendix 2 – Budget Movements since Cabinet Meeting 17 October 2019

	£k
Budget Gap as reported to Cabinet 17 Oct 2019	346
Cost Pressures	
Interest income decrease	27
Replacement of Etarmis – Flexi recording system	25
Planning - FTE Housing Enabling role	22
Reduction in the drawdown of vehicle reserve	12
Rental income - rent reduction - Market Walk	13
Devon Rural Housing Partnership - Support Enabling role	8
Paving at Pannier Market	20
Revs and Bens - CT Software – new modules	28
Various alignments of budgets	34
Carlu Close - Business Rates	11
Membership of SWEEG - Climate change £5k per annum	5
Vehicle Contract reduction of EMR - pressure	16
General fund housing projects – Rough sleeping - to be funded from EMR	72
Sub-Total	293
Proposed Savings	
Public Health - Scores on Doors revisits	-2
Public Health - Private water supplies extra income	-2
Public Health - Chargeable enforcement for housing standards	-4
Street cleansing - Emptying bins on canal	-10
Grounds maintenance - Review of rates to 3rd parties - full cost recovery	-10
Rationalisation of DMS onto IDOX - Funding from EMR as saving not ready	-7
Bus station - increase 5p per visit - Property	-2
Play area inspections - increase cost to parishes reduce grass cutting	-4
Reduce flat time leisure	-11
Trade waste - increase customer base and charges - net	-60
Waste - mini-round reschedule - vacancy removal	-25
Round 2 - Interest costs decrease (reduction in number of lease vehicles)	-19
Increase in CT base following growth forecasts - from Revenues	-33
Econ Dev - Non-renewal of Exe Rail Grant	-3
Planning Performance agreements	-4
Econ Dev - Pre-App Advice - agreed at Cabinet 17 Oct 2019	-2
Waste Shared savings with Devon CC	-50
Grounds Maintenance restructure	-35
Leisure - 5% increase and growth -	-30
Collection calendars	-16
Bulky waste charges	-2
Increase GW charge	-10
Remove weed team	-53
Reduce flower beds	-13
Shared transport manager with ECC	-20
Cut remaining Public Convenience budget	-10
Rental income - Fore Street letting vacant properties	-16
New mgt arrangements	-51
Dual use recharge to DCC	-50

Restructure - Revs and Bens	-59
Sub-Total	-613
Change in Pension Lump Sum and contribution rates	
Pensions lump sum reduction	-134
Uplift in Ers contribution rate to 16.6%	175
Sub-Total	41
General	
Additional Rural Services Delivery Grant	-92
Reduction in HRA Recharge - TBC	100
MRP movement	-10
Pension Deficit Saving by paying upfront	-32
Impairment of 25% of 3Rs working capital	131
Sub-Total	97
Business Rates - Fluctuations	
BR - Renewables surplus/deficit adjustment - follows appeals	90
Business Rates – latest forecast	249
Prov Settlement - BR Improvement	-89
Reduction in BRR due to change in multiplier	11
Sub-Total	261
Use of Earmarked Reserves	
Net transfer from BR Smoothing	-135
Other various transfer from EMRs – Appendix 3	-113
Sub-Total	-248
<i>Budget Gap as at Cabinet 16 Jan 2020 = £177,489</i>	177

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)			3,000.00				
IT800	EQ754	PHOENIX HOUSE PRINTING			2,200				
ES100	EQ766	CEMETERIES	25,000						
ES450	EQ767	PARKS & OPEN SPACES	25,000						
GM960	EQ760	GROUNDS 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			
TOTAL			182,700	34,360	272,200	559,600	130,000	1,418,190	2,597,050
2019/20			182,700	34,360	272,200	409,600	125,000	1,243,500	2,267,360
Movement			-	-	-	150,000	5,000	174,690	329,690

2020-21 BUDGET

Appendix 3

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		(55,360)	
PR400	EQ653	BUSINESS DEVELOPMENT - GRAND WESTERN CANAL	(45,000)		
PR400	EQ653	BUSINESS DEVELOPMENT - ECONOMIC DEVELOPMENT PROJECTS	(80,000)		
IT400	EQ653	ICT EQUIPMENT SINKING FUND	(189,500)		
PR810	EQ728	STATUTORY DEVELOPMENT PLAN		(61,890)	
IE440	EQ659	NNDR EMR		(150,500)	
FM100	EQ756	FLEET CONTRACT FUND		(521,770)	
RS100	EQ837	PROPERTY MAINTENANCE		(347,000)	
PS992/PS995	EQ838	GENERAL FUND 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 EQUIPMENT FUND		(7,000)	
HG320	EQ752	HOMELESSNESS EMR		(101,660)	
		RELEASING OF RESERVES TO FUND THE 20/21 GF BUDGET			
TOTAL			(424,500)	(1,369,370)	(1,793,870)

2019/20

(587,850)

(1,811,550)

(2,399,400)

Movement

163,350

442,180

605,530

	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
<u>Estates Management</u>					
<u>Leisure - Site Specific</u>					
<u>Lords Meadow Leisure Centre</u>					
Dance Studio space challenge		220			220
Passenger lift upgrade		30			30
<u>Exe Valley Leisure Centre</u>					
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
<u>Culm Valley sports centre</u>					
Reception and managers office extension		90			90
Remodelling dance studio		150			150
External doors		50			50
ATP replacement			250		250
<u>Leisure - Other</u>					
Reception infrastructure review - all sites	120				120
All Leisure Etarmis - Security Wipe - (linked to security project).	30				30
Total Leisure	150	665	400	504	1,719
<u>Other MDDC Buildings</u>					
<u>Phoenix House</u>					
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
<u>General Car parks</u>					
MSCP Capital Project - Phase 2	589				589
<u>MDDC Depot sites</u>					
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
<u>MDDC Shops/industrial Units</u>					
Market Walk - Flat roof replacement	30	30			60
Market walk - Phase 2 of landscaping improvements			55		55
<u>Play Areas</u>					
Open Space infrastructure		50	50		100
<u>Public Conveniences</u>					
West Exe South - Remodelling - additional parking spaces	90				90
<u>Other Projects</u>					
Fire dampeners - Corporate sites	80				80
MDDC CCTV Review & replacement		50			50
Total Other	1,409	610	3,780	210	6,009
<u>HIF Schemes</u>					
Cullompton Town Centre Relief Road (HIF) bid	3,705	4,141	6,504		14,350
Tiverton EUE A361 Junction Phase 2 (HIF (bid)	250	4,700	3,200		8,150
Total HIF Schemes	3,955	8,841	9,704	-	22,500
<u>ICT Projects</u>					
Final phase of Desktop estate replacement/refresh	50				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

Other ICT Service related projects

Replacement Access Database - Property Services 100 100

Total ICT	50	120	80	75	325
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Private Sector Housing Grants

Disabled Facilities Grants–P/Sector 572 577 581 586 2,316
Wessex Reinvestment Trust Grants Scheme 75 75

Total PSH Grants	647	577	581	586	2,391
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TOTAL GF PROJECTS	6,211	10,813	14,545	1,375	32,944
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Other General Fund Development Projects

Other projected 3 Rivers Borrowing 10,889 19,709 21,335 25,500 77,433
3 Rivers Scheme - Riverside Development (rear of Town Hall) Tiverton 2,746 177 2,923
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

TOTAL GF OTHER DEVELOPMENT PROJECTS	24,432	28,379	24,940	25,720	103,471
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GRAND TOTAL GF PROJECTS	30,643	39,192	39,485	27,095	136,415
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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		850			850

Total HRA Projects	5,210	6,460	6,310	3,310	21,290
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HRA ICT Projects

Mobile working Hardware		25			25
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Total HRA ICT Projects	-	25	-	-	25
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GRAND TOTAL HRA PROJECTS	5,210	6,485	6,310	3,310	21,315
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GRAND TOTAL GF + HRA Projects	35,853	45,677	45,795	30,405	157,730
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MDDC Funding Summary

General Fund

	2020/21	2021/22	2022/23	2023/24	Total
	£k	£k	£k	£k	£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	-	17,645
Subtotal	2,431	10,080	10,198	1,375	24,084

NEW FUNDS					
PWLB Borrowing	28,212	29,112	29,287	25,720	112,331
Subtotal	28,212	29,112	29,287	25,720	112,331

Total General Fund Funding	30,643	39,192	39,485	27,095	136,415
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Housing Revenue Account

	2020/21	2021/22	2022/23	2023/24	Total
	£k	£k	£k	£k	£k
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	-	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		25			25
Subtotal	-	25	-	-	25

Total Housing Revenue Account Funding	5,210	6,485	6,310	3,310	21,315
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TOTAL FUNDING	35,853	45,677	45,795	30,405	157,730
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Appendix 6

Minimum Level of Reserves Review

Background Information

It is particularly pertinent when there are significant challenges to councils' budgets and when Central Government funding is falling at an exceptional rate, to consider how this risk is being mitigated and how exposed the Council is to adhoc events, risks and pressures.

With this in mind, the Deputy Chief Executive (S151) requested a review of reserves and for the minimum acceptable level of General Reserves to be challenged to establish whether it is appropriate and to benchmark against other councils to see how we compare and whether we are over-exposed to risk.

Approach and Methodology

Reserves are reviewed by this Council on an annual basis to give assurance that they are appropriate and adequate. Due to the constraints on the Council's budget it is not possible to mitigate every eventuality and it would be imprudent to set aside funds simply as a percentage of net expenditure "just in case" without any further scrutiny. With the current challenges associated with setting a balanced budget, earmarking reserves is an important exercise and each year a review is done to challenge the levels and intended use of these reserves. In some cases, earmarked reserves are deemed to be no longer required/too high and are returned to general reserves.

In order to arrive at an appropriate level for General Reserves (GF), various publications were reviewed and the Council was benchmarked against its nearest neighbours in terms of size, demography, Business Rates (NDR) value per head etc.*.

- LAAP Bulletin 99 Local Authority Reserves and Balances
- CIPFA Stats Nearest Neighbours Model*
- Audit Commission "Striking a Balance" Questionnaire
- CIPFA Delivering Good Governance in Local Government
- Financial Diagnostic Report - LGA

Mitigating Risk – General Reserves

The CIPFA LAAP Bulletin says "When reviewing their medium term financial plans and preparing their annual budgets, local authorities should consider the establishment and maintenance of reserves. These can be held for three main purposes:

- A working balance to help cushion the impact of uneven cashflows and avoid unnecessary temporary borrowing – this forms part of general reserves
- A contingency to cushion the impact of unexpected events or emergencies – this forms part of general reserves.

- A means of building up funds to meet known or predicted requirements – via earmarked reserves (legally part of the General Fund).

As part of the review of the adequacy of the general reserves balance, it is prudent to consider the particular risks that the Council faces and how these are mitigated by earmarked reserves and other mechanisms.

There are a number of general risks which are relevant to all or most councils and for the most part are mitigated by a robust approach to budget setting within the MTFP. These include inflation and interest rates; the timing of capital receipts; demand led pressures; the delivery of efficiency savings; the availability of Government grants and general funding; and the general financial climate. These risks are considered at every stage of the budget setting process and the experience of the S151 Officer and senior finance officers will be fundamental in identifying and addressing the pressures relating to these risks.

An indicator of the risks particular to the Council is the Risk Register. This captures those risks which need to be managed and monitored as they can potentially have a very detrimental effect on the financial or reputational standing of the Council. We have therefore used the Council's risk register as the starting point for the risk matrix.

Quantifying the Financial Risk

The risk-based assessment gave a range of appropriate "minimum" general reserves levels as £1.7m to £2.2m. With consideration to the Council's challenges in setting a balanced budget it is considered that the level currently held in General Reserves is adequate and it would not be necessary to increase this amount in line with an arbitrary percentage.

Striking a Balance Questionnaire

The Audit Commission's (though now defunct) questionnaire is a good aide memoire to highlight the areas a Council should consider when assessing the minimum level of reserves. It also draws on benchmarking to establish how other councils mitigate their risks. This questionnaire and the CIPFA stats Nearest Neighbour Model were used to benchmark against 12 other councils which have similar attributes. The average minimum level of general reserves for the 13 councils for which budget levels were available, was 8.73% as opposed to the 18.74% that Mid Devon Council currently holds. It was also significant that Mid Devon's level of Earmarked Reserves stand at 124.57% of Net Expenditure which is the highest of the 13 councils included. This should give assurance over our ability to mitigate risks without having to over-inflate our General Reserves level,

Conclusion and Next Steps

The risk assessment and Audit Commission questionnaire are useful tools in establishing Mid Devon's minimum level of general reserves. This must be caveated with the assertion that if the Council relies on reserves to address a budget gap it will be immediately exposed to a heightened risk if it does not remain above the minimum level.

With reference to the analysis that has been undertaken and with attention to the risks that the Council faces and its limited ability to mitigate risk, a recommendation is made to adjust the minimum level of reserves to £2m.

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HOMES PDG
21 JANUARY 2020

DRAFT 2020/21 HOUSING REVENUE ACCOUNT (HRA) BUDGET

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) in 2020/21. It includes a proposal on the rent increase and a schedule of other fees and charges.

RECOMMENDATION: That the PDG recommend to Cabinet to agree the rent increase proposed and the other budget proposals for 2020/21.

Relationship to Corporate Plan: To deliver our Corporate Plan priorities within the existing resources.

Financial Implications: A balanced and realistic budget must be set for 2020/21 in order to maintain a sustainable Housing Revenue Account with adequate investment for necessary maintenance.

Legal Implications: None directly arising from this report, although there is a legal obligation to balance the budget.

Risk Assessment: Service Managers and Finance staff have assessed volatility in income and large contractor budgets, taking account of current and estimated future demand patterns. In addition, prudent levels of reserves will also continue to be maintained.

Equality Impact Assessment: There are none identified.

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 HRA is a ring-fenced account within Mid Devon's financial accounting system. This means that a balanced budget must be set each year including all income and expenditure pertinent to the Council's landlord function and excluding all other income and expenditure (since this would be captured as part of the General Fund budget).
- 1.2 This report will set out management's proposals for a draft HRA budget for 2020/21 and Members will see from Appendix 1 that, as it stands, the budget has been balanced and so nets to nil. The report will outline the key issues affecting the HRA today, along with how they impact on the setting of a budget for 2020/21.

2.0 Key issues

Right to Buy Property Sales

- 2.1 Central Government has imposed a Right to Buy (RTB) policy on local authority landlords which provides an incentive to tenants to exercise their right to buy.
- 2.2 What a tenant pays when they exercise their Right to Buy varies, but the discount from the market rate can be significant. The Council only retains a portion of any sale value, with the balance returned to Central Government. If we fail to spend sufficient funds on building new homes during the three years following the sale of that property, a further part of the original sales proceeds retained by the HRA are returned to Central Government.

Rent proposal

- 2.3 In 2015 Central Government announced that social and affordable rents would decrease by 1% each year for the four years from 2016/17 to 2019/20. It is notable that the previous rent reduction imposed by Central government have cost the authority in the region of £2m. The budget proposed for 2020/21 reverts to our previous policy of increasing rents by up to CPI plus 1%, which will result in a maximum increase of 2.7%. Please note that, according to Central Government, Formula Rent is the maximum amount of rent that properties on social rent are to be charged.

Other Fees & Charges

- 2.4 It is proposed to increase garage rents from their current rate of £11.10 to £11.60 per week (calculated on a 48 week basis).
- 2.5 It is proposed to increase ground rents by £25 per annum to bring them to £275 per annum. This will help mitigate increasing costs in maintaining our Housing Stock.

HRA Reserve

- 2.6 It is anticipated that the HRA reserve balance will stand at approximately £2m at the beginning of 2020/21. There is no plan to utilise the reserve to fund revenue expenditure.

Direct Labour Operation (DLO) carrying out non DLO works

- 2.7 For 2020/21 the DLO have budgeted to transfer £1.2m of their costs to other areas as well as undertaking £600k disabled adaptations work. This is a huge achievement as well as the obviously demanding task of maintaining an excellent repairs service.

3.0 Recommendation

- 3.1 It is recommended that Members consider the proposals for this draft HRA budget along with the details laid out in this report.

4.0 Conclusion

- 4.1 This report has set out a proposed balanced budget for the HRA for 2020/21, with appendices attached showing the following.

4.1.1 The overall makeup of the budget at summary level

4.1.2 The proposed rent for 2020/21

4.1.3 The proposed fees and charges for 2020/21

4.1.4 An extract from the Planned and Cyclical Maintenance budget

Contact for more information: Andrew Jarrett, Deputy Chief Executive (S151), 01884 234242 / ajarrett@middevon.gov.uk / JP Mclachlan, Principal Accountant, 01884 234944 / jpmclachlan@middevon.gov.uk

Circulation of the report: Cabinet members, Leadership Team and relevant Group managers

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Appendix 1

HRA Budget 2020/21

Code	Service Unit	Previous Year Outturn	Current Year Budget	Movement	Proposed Budget 2020/21
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)
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
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)
	Sum:	(2,341,763)	(2,511,360)	65,510	(2,445,850)

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)
		(2,511,360)	65,510	(2,445,850)
5000	Recharges	1,534,110	(52,480)	1,481,630
6000	Capital Charges	977,250	(13,030)	964,220
		0	0	0

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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
HO200 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)	£11.10	£0.50	4.50%	£11.60
<i>It should be noted that council tenants receive a discount of £2.00 per week on any garage rent</i>				
<i>(note rents for 20/21 will be charged on a 52 week basis)</i>				
Garage ground rents (Annual charge)	£250	£25	10.00%	£275

N.B

MDDC Formula Rent on average (52 weeks)	£77.46	£79.55
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Appendix 4

HO130 Planned & Cyclical Maintenance (extract)

Cost Centre	Account	Account Description	Proposed Budget 2020/21
HO130	4205	Insulation	10,000
	4213	Asbestos Work	200,000
	4215	Legionella Testing	55,530
	4216	Electrical Remedials	45,000
	4225	Smoke Detectors	130,000
	4230	Gas Servicing	300,000
	4231	Lift Maintenance	1,000
	4232	Painting & Repairs	300,000
	4233	Legionella Works	30,000
	4236	Air Source Heat Pump Servicing	45,000
	4239	Carbon Monoxide Detectors	40,000
	4243	Door Entry Systems	5,000
	4245	Sanctuary Works - H.R.A Stock	5,000
	4247	Solid Fuel Cyclical Testing	9,500
	4248	Electrical Cyclical Testing	66,000
	4522	Solid Fuel Repairs	9,000
HO130		Sum:	1,251,030

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- 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>

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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:

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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
	£	%	£	%	£	%	£	%	£
Employee costs									
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
Total in year cost	2,621,550		2,891,590		2,949,422		3,008,410		3,068,578
Premises costs									
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									
Total in year cost	194,770		197,320		201,266		205,292		209,398
Transport related costs									
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									
Total in year cost	266,510		256,060		270,580		282,970		293,390
Supplies and services									
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									
Total in year cost	2,218,250		2,174,370		2,239,600		2,306,790		2,375,990
Support services	1,534,110		1,481,630	3.0%	1,526,079	3.0%	1,571,861	3.0%	1,619,017
Total gross expenditure	6,835,190		7,000,970		7,186,947		7,375,323		7,566,373
Rents , fees, charges and grants									
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
Total in year cost	(12,989,370)		(13,323,780)		(13,561,510)		(13,803,380)		(14,049,450)
NET COST OF SERVICES	(6,154,180)		(6,322,810)		(6,374,563)		(6,428,057)		(6,483,077)
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
Budget (Surplus) / Deficit	0		0		0		0		0
Opening balance 01 April	(2,000,000)		(2,000,000)		(2,000,000)		(2,000,000)		(2,000,000)
Closing balance 31 March	(2,000,000)		(2,000,000)		(2,000,000)		(2,000,000)		(2,000,000)

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 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:

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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

Policy Ref	Description	Date
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 & 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
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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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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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.

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.

6.1

7.0 Statutory Compensation – The Right to Repair

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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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~~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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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 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	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	Addition – off setting compensation against tenant debt	14/08/19
Appendix 3	Addition – Compensation for Tenants' Own Improvements – Calculation of compensation payable	14/08/19

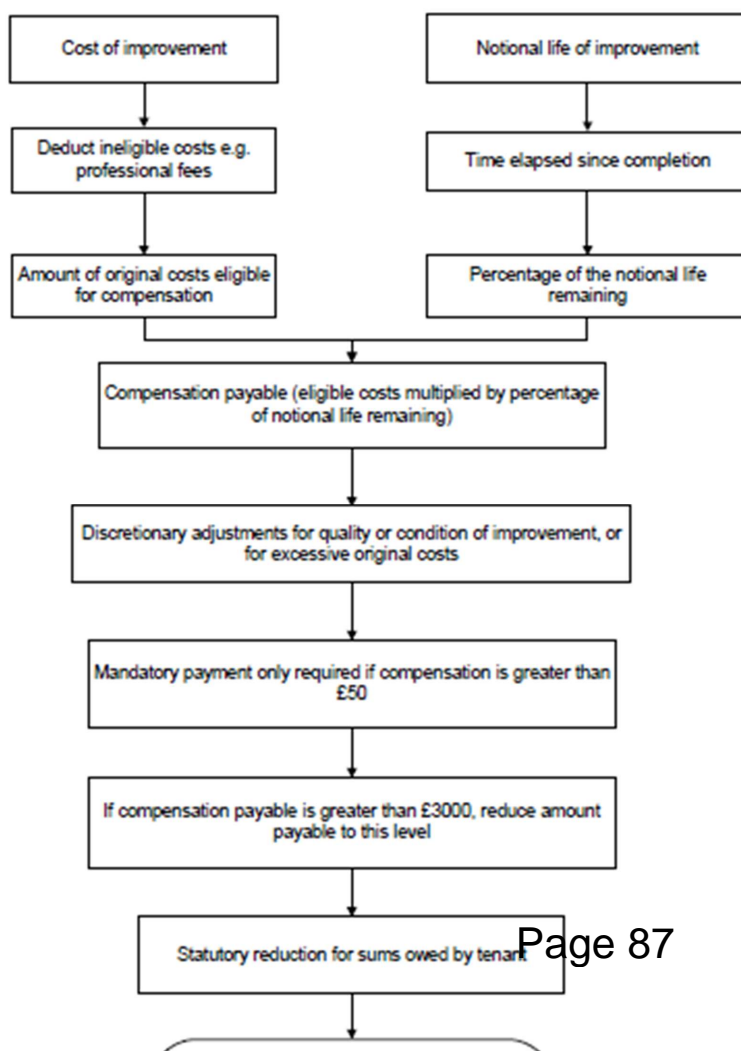
Appendix 12 – Schedule of repairs included in The Right to Repair, with prescribed periods.

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

Tenanc

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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
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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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:-

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

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

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5.11.3 The removal of trees;

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

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

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5.11.6 Any electrical, gas or heating installation or alterations;

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5.11.7 The creation of a pond;

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5.11.8 Installation of an outside tap;

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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:-

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6.1.1 Makes the property unsafe;

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

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6.1.3 Breaches planning, building or conservation area regulations;

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

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6.1.5 Reduces the value of the property;

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

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

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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 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. re is a suit 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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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~~1~~2095

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 2020~~159

Version Number: v~~3~~2-8

Status: Review of Policy and title change

Review Frequency: Every ~~4~~10 years or sooner if required and in accordance with changes in good practice and legislation

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

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

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

Document History

This document obtained the following approvals.

Title	Date	Version Approved
Cabinet Member	05/2015 20/12/19	2.8
Tenants Together	11/06/2015	2.8
Management Leadership Team	28/7/15 07/01/2020	2.8
Homes PDG Decent & Affordable Homes	11/8/1521/01/2020	2.8
Cabinet	27/8/15	2.8

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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 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's² 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.

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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 four~~ten~~ years thereafter, unless changes in legislation require an earlier review.

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HOMES POLICY DEVELOPMENT GROUP 21 JANUARY 2020

HOUSING SECTOR UPDATE

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

Reason for Report: To inform Members about recent news items relating to social housing

RECOMMENDATION: That members note the report

Financial Implications: None arising from this report

Legal Implications: None arising from this report

Risk Assessment: None arising from this report

Equality Impact Assessment: None arising from this report

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 with the prevention and management of homelessness and also 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. Introduction/Background

- 1.1. Members previously agreed that it would be helpful to receive a regular briefing on matters relating to housing.

- 1.2. Matters relating to fire safety and cladding continue to be reported widely in the housing press. The Council does not have any high rise blocks in its housing stock.
- 1.3. Issues relating to health and safety have gained increasing significance in the aftermath of the fire at Grenfell Tower and it is widely expected that the regulatory framework will be strengthened to address these at some point in the future. The Social Housing Green Paper, “A new deal for social housing” published in August 2018, gave a strong indication of this and contained many proposals designed to ensure that homes are safe and decent.

2. Regulation

2.1 Review of Building Regulations and Fire Safety

- 2.1.1 In a press release, the Ministry of Housing, Communities and Local Government (MHCLG) announced that Dame Judith Hackett will be advising on the most effective way to “deliver” a new Building Safety Regulator (MHCLG, 2019). The new regulator will be able to impose criminal sanctions in cases where legislative and regulatory requirements relating to health and safety are not implemented.
- 2.1.2 Members will recall that Dame Judith was commissioned by the Government to review building regulations and fire safety following the Grenfell Tower fire. Her [Independent Review of Building Regulations and Fire Safety](#) was published in May 2018 and the Government committed to take forward all of her recommendations.
- 2.1.3 A consultation on the proposed reforms was undertaken in June 2019 and the responses are currently being reviewed.
- 2.1.4 In the recent announcement, MHCLG stated that there will be a new safety framework for high-rise residential buildings. Those responsible for the safety of high-rise buildings will become more accountable. Residents will be able to raise any concerns and these must be given serious consideration by landlords. There will also be new sanctions designed to ensure compliance with the system and to provide a stronger framework to ensure construction products meet the appropriate standards.
- 2.1.5 The press release said: “The government’s proposed new legislation will ensure building owners and developers prioritise residents’ safety over profit” and will: “Give residents a stronger voice in the system, ensuring their concerns are never ignored and they fully understand how they can contribute to maintaining safety in their buildings”. This can be seen as an indication that there is likely to be a shift in priorities so that a greater importance will be given to the involvement of tenants and satisfaction levels as they relate to health and safety matters.
- 2.1.6 A New Homes Ombudsman is also planned and developers of new homes will have to join this.

2.2 The Housing Sector Risk Profile

- 2.2.1 The Regulator of Social Housing (RSH) published the Sector Risk Profile 2019 in October 2019 (RSH, October 2019a). This report was written to help the boards of housing associations to have a better understanding of the risks faced by their organisations. However, many of the risks identified apply equally to those Councils with retained stock. The RSH stated in this document that risk in the sector is growing as a result of issues such as the uncertainties relating to Brexit, and the need to respond to evolving requirements following the Grenfell Tower fire.
- 2.2.2 In the report, the RSH stated that registered providers of social housing (RPs) must understand and fully meet all their existing obligations with regard to health and safety. In addition, it was noted that the safety of all tenants, especially the most vulnerable, should be of primary importance for all providers of social housing. The report stated that the need to comply with all relevant health and safety legislative and regulatory requirements includes having up to date and relevant policies in place that are regularly managed and monitored. It also emphasised the need for effective compliance reporting and good quality data.
- 2.2.3 The report stated that as part of a well-integrated, strategic approach to asset management, providers should understand the overall condition of their stock, including areas where additional investment is required. The regulator noted that this should be based on professionally sourced up to date data and that the necessary investment should be reflected in the organisation's long-term business plans with delivery monitored and recorded.
- 2.2.4 Other strategic risks for housing associations which were identified included reputational risk, fraud, and data integrity and technological risks. In addition, other operational risks noted within the report included welfare reform, those associated with rent compliance, and also costs and inflation. The Housing and Building Services could also be exposed to such risks and there is a need to ensure that mitigating actions are implemented. As Members will be aware, there is a regime of regular risk inspection and necessary actions are taken in partnership with other Services, which are reported to relevant Policy Development Groups (PDGs) at every meeting.

2.3 Regulation of Health & Safety

- 2.3.1 There have been some recent regulatory judgements involving landlords which had breached the Home Standard. Members will recall that the Home Standard is one of the four consumer standards within the regulatory framework for social housing.
- 2.3.2 Runnymede Council was found to have caused a risk of "serious detriment" as a result of a breach of the regulatory framework for social housing involving fire and electrical safety. The Council had failed to complete "urgent or high priority remedial action arising from fire risk assessments (FRAs)" at two properties: a 17 storey block and a sheltered scheme. (Wilmore, 2019).
- 2.3.3 With regard to the breaches relating to electrical safety, the regulator found that the Council had no evidence of when testing was last carried out for 162

properties. In addition, according to the records, the electrical installations in 794 properties had not been tested in the past 10 years.

2.3.4 The RSH concluded that the Council did not have an “effective system in place to allow it to meet its statutory health and safety responsibilities in fire and electrical safety”. It was also found that the Council could not provide evidence relating to whether or not the properties in management met the Decent Homes Standard. The regulator said that it would work with the Council to address the issues and will consider whether or not any further action is required in connection with the breach.

2.3.5 Lambeth Council, which has 22,500 homes in management, was found to have “a significant number” of overdue remedial actions arising from FRAs, including some for FRAs considered “intolerable” or “substantial”. (Williams, 2019)

2.3.6 The RSH also found that the Council had breached the Home Standard because more than 180 communal areas had not been surveyed for asbestos whilst over 40 properties were found to be without valid gas safety certificates. The regulator accepted that the Council had made improvements over the last six months and has stepped up the pace of remedial work; however, it found that the Council did not have an “effective system in place to allow it to manage the risk of tenant safety and to meet its statutory health and safety responsibilities across a range of areas”.

2.3.7 In addition, Newark and Sherwood Homes, an arms’ length management organisation (ALMO), which manages 5,400 homes on behalf of Newark and Sherwood District Council identified a non-compliance issue relating to gas safety. (Barker, October 2019)

2.3.8 A report to the Homes and Communities Committee of Newark and Sherwood District Council during the week commencing 30 September showed that 622 gas safety certificates were outstanding for a short period earlier this year. The Council became aware of this non-compliance issue in July and the breach was rectified by 15 August. This was the second instance of gas servicing failure identified this year because the ALMO had reported in April that 38 homes did not have valid gas safety certificates as a result of a data error. Both the Council and the ALMO viewed the failures as serious and took action to ensure that this did not happen again. The Council self-referred to the RSH in June. The outcome of this was that the RSH did not find any breach of the consumer standards. However, the Council is planning to bring back the housing service in-house meaning that the closure of the ALMO.

2.3.9 These cases demonstrate that robust systems are required to ensure that health and safety is managed properly. They also show the need to establish an open and honest dialogue with the RSH in the event that any non-compliance is identified.

2.4 Annual Survey of Stakeholders

2.4.1 In its second annual survey of stakeholders, the RSH received 531 responses in total. One new question was asked this year. This related to whether or not stakeholders felt that the RSH takes “appropriate action” when consumer

standards have been breached, or when tenants have been at “significant risk of detriment”. Of the organisations that completed the question, 10% of respondents disagreed that the regulator took appropriate action, whilst 2% strongly disagreed. However, 88% agreed that it took appropriate action and of these 21% strongly agreed. (RSH, November 2019).

2.5 Consultation on Rent Standard

2.5.1 The RSH recently published the responses to the consultation on the new Rent Standard (RSH, October 2019b). Following the consultation, the new Rent Standard will be implemented with effect from 1 April 2019. There were over 100 responses to the consultation and generally respondents were supportive of the changes to be introduced which include the provision of guidance on the management and setting of the new five year rent settlement. This will allow RPs to increase rents by the Consumer Price Index measure of inflation with the addition of 1% for five years from 2020. Members will recall that there has been a policy of rent decreases for four years from 2016 which has impacted the revenue stream of the Housing Service and other RPs.

2.5.2 It should be noted that the provisions of the new Rent Standard will apply to the Council from April 2020.

3. Health and safety

3.1 An 80 year old tenant of Clarion Housing Group suffered a fatal heart attack after her heating or hot water failed to work for two weeks, an inquest found. This lady died at the end of 2017 after learning that a boiler repair would not be completed that day, 22 December 2017, as promised by the heating contractor. This date was the last working day before Christmas. The visit to the home of this tenant had been allocated as the engineer’s last appointment but he ran out of time despite her family having been assured that someone would be attending to undertake the repair. The housing association and its contractor admitted that the service delivered was unacceptable on this occasion. The Assistant Coroner found that both organisations had since made improvements and that further recommendations to prevent future deaths were not necessary. (Barker, September 2019a)

3.2 Following a large fire at Richmond House, a block of flats on an estate in Worcester Park, South London, the housing association responsible for managing it has stated that work is needed to remedy certain defects in the passive fire protection of buildings there (MTV, 2019). It said that this will involve installing or improving cavity barriers within the external wall systems and other work to improve fire resistance.

3.3 A 24 hour “waking watch” has been implemented on the estate and the “stay put” advice has been changed to “simultaneous evacuation”. In addition, a communal fire alarm system is being installed across all buildings on the estate.

3.4 Changes to the recommendations relating to the fitting of sprinkler systems to new and converted properties where there are flats and fire evacuation policies generally are anticipated by housing professionals in the aftermath of events at Grenfell Tower and subsequent fires including this one at Richmond House.

4. The Housing Ombudsman Service

- 4.1 Members will recall that the Housing Ombudsman Service (HOS) is responsible for investigating complaints made by tenants and that tenants of the Housing Service may escalate a complaint once the two stage corporate procedure has been exhausted. Tenants can ask a Designated Person or a Complaint Panel to investigate before a case is referred to the HOS and can also refer it directly if 8 weeks has elapsed since the landlord concluded their investigation.
- 4.2 The role of the HOS is to resolve disputes which may include making awards of compensation or other remedies, where appropriate, and to support effective landlord-tenant dispute resolution by others. 325 local authorities are members of the Housing Ombudsman scheme.
- 4.3 Richard Blakeway, who was recently appointed into the role of Housing Ombudsman, has published his new business plan for consultation and also proposed some changes to the Housing Ombudsman scheme. (HOS, 2019)
- 4.4 In the business plan, an increase in the level of fees has been proposed with landlords being charged £2.16 per home for the next two financial years.
- 4.5 In addition, there is a proposal relating to the imposition of a deadline of 15 working days with regard to the provision of evidence by landlords. In the event that a landlord failed to meet this deadline, the HOS could make a finding of “complaint handling failure”. The HOS is also proposing to identify any issues which could be systemic and subject to wider investigation and reporting, to escalate such cases to the RSH, as appropriate.

5. The Right to Buy Scheme

- 5.1 Inside Housing undertook a project to identify the number of tenants in receipt of Housing Benefit who exercise their Right to Buy. 95 of the 165 Councils with retained stock in England responded and the research showed that these authorities had sold 4,686 properties to tenants in receipt of Housing Benefit. This equated to one in seven of the homes sold through the Right to Buy scheme since discounts were increased in 2012. (Barker, September 2019b)
- 5.2 In order to secure a mortgage necessary to purchase a property through the scheme, a tenant in receipt of Housing Benefit would need to make a joint application with someone else. This means that there could be opportunities for individuals to make fraudulent applications although in reality, in most cases, family members are likely to provide financial assistance. The Council undertakes checks with a view to identifying any potentially fraudulent requests when an application to buy a property through the scheme is received.
- 5.3 The MHCLG told Inside Housing that it takes fraud associated with the Right to Buy scheme “very seriously” although they did not want to penalise those on low incomes which could happen if tenants in receipt of Housing Benefit were excluded from buying their home. It was noted that the Ministry works in partnership with social landlords, lenders and others to ensure that the risk is minimised.

6. The Allocation of Social Housing

- 6.1 The Chartered Institute of Housing (CIH) published a report in September (CIH, 2019) in which it found that providers of social housing are excluding vulnerable people through their approach to new tenancies. The CIH advocated changing the system to protect vulnerable people. It suggested that Councils should take the specific circumstances of households and their accommodation history, into account when considering their applications to join the housing waiting list.
- 6.2 In addition, the report recommended that the Government should work with local authorities and housing associations to develop a toolkit which would support the delivery of support focused pre-tenancy procedures.
- 6.3 Other recommendations were made which would potentially increase in the supply of available homes. For example, the report advocated a 10 year funding programme for social housing building. The suspension of the Right to Buy scheme was recommended together with a proposal that Councils be allowed to retain the receipts arising from sales through the scheme.
- 6.4 It was also suggested that RPs should review their “lettable” standards to explore ways to improve the marketing of properties, particularly in areas of low demand. In addition, the CIH recommended that local planning authorities should take a “more considered” approach to agreeing s106 local connection requirements. Members will recall that s106 agreements are planning conditions.

7. New Council Housing

- 7.1 Goldsmith Street, which was designed by architects Mikhail Riches for Norwich City Council won the Royal Institute of British Architect’s (RIBA) Stirling Prize. The scheme delivered over 100 energy-efficient homes. There are 7 terraced blocks arranged in 4 lines. Parking has been located at the edge of the scheme and the bin stores are situated in the front gardens to provide a barrier between the pavement and the front door of each home. The rear street has a garden with a meandering pathway. The street has been landscaped and the path is not straight in order to remove the idea that it is a “back alley”. This scheme was described as an “exemplary project.”

8. Housing Associations

- 8.1 Curo, a housing association based in Bath, has announced an intention to stop issuing fixed term tenancies. The association has 13,000 homes in management and stated that it would convert its 680 fixed term tenancies to assured tenancies as these tenancies came to the end of their terms. The Chief Executive said: “We’ve listened to our customers who have fixed term tenancies with us. We’ve heard how important having a long-term tenancy is to feel safe, secure and be able to put down roots in the local community”. (Joinson-Evans, 2019)
- 8.2 LiveWest, the largest housing association in the South West, has entered into an agreement with Bovis Homes which will result in 2,000 affordable homes being built in the South West on three sites. LiveWest currently has more than 36,000 homes in management, with some in Mid Devon. The RP is planning to build

another 16,000 over the next 10 years and the new developments will contribute to the achievement of this target.

- 8.3 The arrangements will last for 15 years and the first homes are due to be completed in Tavistock in August 2021. 678 homes will be built in Exeter and also 831 in Taunton. There will be shopping centres and community hubs at the developments, as well as improved roads and sustainable travel initiatives.

9 Recommendation

- 9.1 That Members note the report.

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

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