

Public Document Pack

Mid Devon District Council

Decent and Affordable Homes Policy Development Group

Tuesday, 25 November 2014 at 2.15 pm
Phoenix House, Tiverton

Next ordinary meeting
Tuesday, 20 January 2015 at 2.15 pm

Those attending are advised that this meeting will be recorded

Membership

Cllr Mrs E M Andrews
Cllr W J Daw
Cllr P J Heal
Cllr D J Knowles
Cllr R F Radford
Cllr Mrs J Rendle
Cllr R Wright

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 substitutes.
- 2 **PUBLIC QUESTION TIME**
To receive any questions relating to items on the Agenda from members of the public and replies thereto.
- 3 **MINUTES**
To approve as a correct record the minutes of the meeting held on 9 September 2014 (circulated with the Council Summons for 29 October 2014).
- 4 **CHAIRMAN'S ANNOUNCEMENTS**
To receive any announcements that the Chairman may wish to make.
- 5 **DRAFT GENERAL FUND BUDGET 2015/16 (00-01-56) (Pages 5 - 20)**
To receive a report of the Head of Finance outlining the options available in order for the Council to set a balanced budget for 2015/16

and to agree a future strategy for further budget reductions for 2016/17 onwards.

- 6 **HRA BUDGET 2015/16 (00-22-00)** *(Pages 21 - 48)*
To receive a report of the Head of Finance providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) in 2015/16.
- 7 **FINANCIAL MONITORING (00-39-33)** *(Pages 49 - 64)*
To receive a report from the Head of Finance detailing the financial monitoring for the 6 month to 30 September 2014 in respect of the services within this PDG's remit.
- 8 **HRA MEDIUM TERM FINANCIAL PLAN (00-46-56)** *(Pages 65 - 68)*
To receive a report from the Head of Finance providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) from 2015/16 – 2018/19.
- 9 **PERFORMANCE AND RISK REPORT FOR THE SECOND QUARTER OF 2014-15 (00-57-48)** *(Pages 69 - 74)*
To receive a report from the Head of Communities and Governance providing Members with an update on performance against the corporate plan and local service targets for 2014/15 as well as providing an update on the key business risks.
- 10 **DEVON HOME CHOICE WORKING GROUP (01-05-43)** *(Pages 75 - 80)*
To receive a report from the Working Group including their conclusions and recommendations regarding Band E.
- 11 **ASBESTOS MANAGEMENT ON COUNCIL HOUSES (01-27-02)** *(Pages 81 - 88)*
To receive a report from the Head of Housing and Property Services providing Members with an update on the Health and Safety Executive (HSE) investigation into the alleged Asbestos Insulating Board (AIB) asbestos soffit removal by an unlicensed contractor at Brays Close, Crediton.
- 12 **EMPTY HOMES STRATEGY (01-38-50)**
To receive a verbal update from the Private Sector Housing (Lead Officer) and the Public Health and Professional Services Manager regarding the Empty Homes Strategy and Delivery and the intention of an overall review of the service/policy within Private Sector Housing.
- 13 **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING - 20 JANUARY 2015**
Members are asked to note that the following items are already identified in the work programme for the next meeting:

- Financial Monitoring

- Performance and Risk
- ASB Policy
- Housing Strategy

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

Kevin Finan
Chief Executive
Date Not Specified

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 the Council Chamber on the first floor of the building is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available. There is time set aside at the beginning of the meeting to allow the public to ask questions.

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, tel: 01884 234310 on:

Tel:

Fax:

E-Mail:

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Managing the Environment PDG Decent & Affordable Homes PDG Community Well Being PDG Cabinet

Budget 2015/16

Portfolio Holder Cllr Peter Hare-Scott
Responsible Officer Head of Finance

Reason for Report: To consider options available in order for the Council to set a balanced budget for 2015/16 and agree a future strategy for further budget reductions for 2016/17 onwards.

RECOMMENDATION: To consider the draft budget proposals for 2015/16 and start to plan for additional savings as identified in the Medium Term Financial Plan.

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

Financial Implications: Since 2010/11 the Council has seen its Formula Grant reduce by circa £2.6m or 42% from £6.2m to the provisional figure of £3.6m announced for 2015/16. Going forward the current Government maintains its pledge to continue the austerity programme, with most public sector commentators estimating further cuts of at least 10% per annum for the next 3 – 4 years. Once this is factored in to the Councils Medium Term Financial Plan we have predicted a funding deficit of circa £2.1m by 2018/19. This highlights the need to take steps to plan for further reductions to our ongoing expenditure levels.

Legal Implications: It is a statutory requirement for the Local Authority to set a balanced 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.

1.0 Introduction

- 1.1 The summer savings exercise, that was first undertaken in the summer of 2010, which included Service Managers, Heads of Service, Accountants, the Head of Finance and the Chief Executive challenges all services to look at reducing costs/increasing income, but still deliver the same level of service (especially the front-line services).
- 1.2 This exercise doesn't just focus on balancing the next financial year, it also looked at where savings could be delivered over a rolling three year period. Although this year's exercise has been successful in identifying £983k of savings for 2015/16 (see Appendix 3a), there has been very little proposed for subsequent financial years (only £541k). This fact, emphasises the comments I have been making for the past 18 months that we can no longer expect service managers to continue to reduce cost and still expect "business as usual".
- 1.3 The proposed savings shown in Appendix 3a of £983k will need to be agreed by Members, as for every proposed saving that is rejected will need to be matched by a suggestion of where a similar saving could be made. Members will be aware that the budget is an evolving process. I have already made a range of assumptions relating to: pay awards, inflation, fees/charges, demand for services, property increases, etc. More information may well change/alter my assumptions in the months leading up to February, when the budget has to be finalised. So the current budget gap of £650k will be revised over the next few months, but it is based on the most current information, in conjunction with professional guidance, that is available.
- 1.4 An updated Medium Term Financial Plan was presented to the Cabinet at its October meeting, which further explored the challenging financial position that the Council is facing over the next 4 years. However, it should be stressed that the Council has placed itself in a very strong position to deal with situation and continues to look into opportunities to further reduce operational costs without immediately reducing service levels. But it remains a real possibility moving forward that some difficult decisions will have to be made relating to what the Council can and can't afford to deliver/support in the future. This is further evidenced by the low level of service savings estimated from 2016/17 onwards.

2.0 The Draft 2015/16 Budget

- 2.1 The first detailed draft budget figures have now been returned from all Service Managers. In compiling the draft 2015/16 budget, Service Managers and Finance Staff were acutely aware of the worsening financial environment that the Council was now going to have to operate within. A provisional Formula Grant cut of £656k, coupled with an uncertain economic position adversely affecting a number of key income streams (including our treasury return), the continuing need to modernise much of our existing vehicle fleet and the budget volatility associated with the new Council Tax Support scheme and the localisation of Business Rates.
- 2.2 The initial aggregation of all service budgets (which also includes assumptions surrounding predictions of interest receipts, contributions to our capital

programme, transfers from/to reserves and Council Tax levels) currently indicates a GFund budget gap of £650k (see Appendix 1).

- 2.3 At this point it is worth summarising how we have arrived at this deficit. The table shown below shows the main budget variances affecting the 2015/16 draft budget, which has included nearly all of the savings identified at Appendix 3a.

Table 1 – Reconciliation of 2015/16 budget variances

Variances	Amount £000
Savings identified in savings exercise	(983)
Cost pressures identified in savings exercise	659
Formula grant cut	656
Leisure savings not realised	218
Waste and recycling currently at 14/15 budget and known service pressures	97
Pay and price inflation – incl. pensions & NI	160
Interest adjustment from HRA	41
Council Tax property growth + 1.5% and reduction in Council Tax reduction grant	(136)
Transfer from New Homes Bonus to fund 2 new officers	(99)
Other costs	37
Draft budget gap for 2015/16	650

- 2.4 The above table clearly demonstrates how a budget gap of £650k has been arrived at and without the hard work undertaken by Service Managers to propose further savings during the summer months we would now be facing a budget deficit of £1,633k for 2015/16 (i.e. £650k + £983k). Appendix 3a shows those potential savings which were identified earlier in the year, amounting to £983k.
- 2.5 In compiling the 2015/16 draft budget we have also examined budget performance during 2014/15 and then made any relevant budget corrections for staffing changes, levels of income, changes in legislation, increases in inflation, etc.
- 2.6 Due to the need to get budget information to all of the PDG and Cabinet meetings during November and early December there are still a few key issues that have not been resolved or are still to be fully evaluated. These issues may either improve or worsen the summary budget position currently reported.

3.0 The Future

- 3.1 It is clear that a lot of hard work has already been undertaken in order to deliver a draft budget gap of £650k. We now are set with two tasks: firstly, to deliver a balanced GFund budget by February 2015 in order to formally set the Council Tax and secondly, and of equal importance, begin to plan how our future spending plans can be financed. The MTFP tabled at the October Cabinet meeting shows that the challenge of balancing our ongoing revenue commitments with our available funding. The summary figures from the MTFP

highlighted a £2.1m budget gap over the next 4 years assuming 10% reduction in Government funding year on year. (See table 2 below) This further assumes that all of the £983k saving proposals suggested by Service Managers are accepted by Members.

- 3.2 Due to the future uncertainty over the exact level of Formula Grant reduction going forward it is imperative that Management Team, Service Managers and Members give consideration to matching future service provision to likely levels of financial resources. Table 2 below summarises the projected shortfall over the next four years.

Table 2 – MTFP General Fund Summary

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Total Gross Expenditure	36,710	37,012	37,623	38,037	38,520
Total Income	(27,618)	(28,130)	(28,591)	(28,307)	(28,551)
Net Cost of Services	9,092	8,882	9,032	9,730	9,969
Investment Interest/MRP	(44)	45	(12)	(43)	(75)
Cont. to/(from) Reserves		(99)	(99)		
Contribution to Capital	125	125	125	125	125
Total Budget Requirement	9,173	8,953	9,046	9,812	10,019
Funded by:					
Collection Fund Surplus	(75)	(50)	(50)	(50)	(50)
Formula Grant ⁽¹⁾	(4,181)	(3,525)	(3,128)	(2,816)	(2,534)
Council Tax	(4,917)	(5,114)	(5,168)	(5,253)	(5,339)
Total Funding	(9,173)	(8,689)	(8,346)	(8,119)	(7,923)
Cumulative (Surplus)/Deficit	Nil	264	700	1,693	2,096

⁽¹⁾ Formula Grant in 2015/16 includes £49k of Council Tax Freeze grant awarded in respect of 2014/15.

- 3.3 In addition to this revenue funding pressure, is our ongoing commitment to future capital programmes, not helped by the current low levels of capital receipts. Even greater pressure may be placed on future programmes if additional borrowing was made to fund new Council Houses, Depots, Sport Centre enhancements, Town Centre enhancement works, Vehicle replacements, etc.
- 3.4 The draft Capital Programme for 2015/16 is attached as Appendix 4 and currently shows balanced funding over the next 4 years. However this has required much of the NHB receipts (totalling circa £3.2m) and a continuing revenue contribution from the General Fund of £125 k per annum to reach this position. The size of our current and future capital programmes has substantially reduced, due to the reductions in funding and level of sale receipts and now only includes projects that are essential maintenance, asset replacement or income generating/cost reducing.

4.0 The November/December PDGs and Cabinet meetings

- 4.1 The first round of draft budget meetings will allow discussions with Members, Senior Management, Service Managers and Finance Officers in order to review the proposed draft 2015/16 budget – see Appendix 2. This will include scrutinising and challenging the initial position (and confirming acceptance of all proposed savings put forward) and discussing any other budget areas that Members would like to see additional savings from.
- 4.2 Before the next round of PDGs and Cabinet in January the Council will receive formal confirmation regarding its; Formula Grant (n.b. active rural lobby on-going), Council Tax Freeze Grant, other emerging legislative changes, more information regarding the 2014/15 budget performance, etc. At this point if any of the initial assumptions/estimates significantly worsen, then we will need to bring further savings options for consideration.

5.0 Public Consultation

- 5.1 This year's public consultation once again highlighted the three most valued services:
- REFUSE COLLECTION & RECYCLING - First
 - PARKS, OPEN SPACES & PLAY AREAS - Second
 - ENVIRONMENTAL HEALTH - Third

The three services valued the lowest comprised:

- COMMUNITY GRANTS - First
 - PUBLIC CONVENIENCES - Equal second
 - COMMUNITY SAFETY - Equal second
- 5.2 This consultation response has been considered when compiling the 2015/16 draft budget, but will be of even greater use from 2016/17 onwards when the Council will have to make more challenging decisions with regard to service prioritisation.

6.0 Conclusion

- 6.1 The feedback from all three budget PDGs and the Cabinet will be reported to the January Cabinet for consideration in order to set a balanced 2015/16 budget and agree a forward plan. Early in the New Year Management Team will meet to establish a strategic plan of how £2.1m of savings in the next four years can be achieved. This process will be based upon giving Members a series of options, some of which may require short term investment, to generate medium or long term savings. The savings options will need to be considered across all Member meetings, based upon the new corporate plan. Having identified possible savings, there will need to be careful consideration of their potential impact, probable lead times for delivery of that saving and any associated disengagement costs or possible 'spend to save' implications that would arise.

Contact for more information:	Andrew Jarrett – Head of Finance
Background Papers:	Draft 2015/16 Budget Papers MTFP report - Oct 2014 Cabinet
File Reference:	
Circulation of the Report:	Management Team, Members & Relevant Service Managers

**GENERAL FUND REVENUE ACCOUNT
DRAFT BUDGET SUMMARY 2015/16**

	Net Direct Costs Budget 2014/15 £	Budget Changes £	Draft Net Direct Costs Budget 2015/16 £
Managing the Environment	3,384,230	36,880	3,421,110
Decent & Affordable Homes	420,360	(72,210)	348,150
Community Well Being	2,755,730	48,131	2,803,861
Cabinet	3,743,760	122,250	3,866,010
TOTAL NET DIRECT COST OF SERVICES	10,304,080	135,051	10,439,131
Net recharge to HRA	(1,211,320)	(12,113)	(1,223,433)
NET COST OF SERVICES	9,092,760	122,938	9,215,698
Provision for the financing of capital spending	122,520	28,440	150,960
Finance Lease interest	8,110	(8,110)	0
Interest from Funding provided for HRA	(110,000)	40,910	(69,090)
Interest Received on Investments	(65,000)	0	(65,000)
Contribution to Capital Programme	125,000	0	125,000
TOTAL BUDGETED EXPENDITURE	9,173,390	184,178	9,357,568
Funded by:-			
Formula Grant	(4,230,060)	656,000	(3,574,060)
NNDR revenue based on last year actuals + 54K		(54,000)	(54,000)
Council Tax freeze - for 2014/15	(49,000)	0	(49,000)
CTS Funding Parishes	98,000	(33,000)	65,000
Collection Fund Surplus	(75,000)	25,000	(50,000)
Council Tax - 27,289.8 x £184.88	(4,917,330)	(128,000)	(5,045,330)
TOTAL FUNDING	(9,173,390)	466,000	(8,707,390)
REQUIREMENT TO BALANCE THE BUDGET	0	650,178	650,178

Current Assumptions :

- 1 Formula Grant reduced by £656k based on provisional figure rec'd 12 months ago.
- 2 A Council Tax income based on a 1.5% rise for illustrative purposes only. A 1% rise in Council Tax will generate circa £50k. It is assumed any Council Tax freeze grant given in 2014/15 will be added into the final settlement for 2015/16.
- 3 Most of the savings and cost pressures proposed in the budget review meetings have been included.
- 4 2015/16 salary budgets include an increase of 1%.
- 5 All income flows have been reviewed and adjusted for changes in demand and unit price.
- 6 Investment income has been based upon the existing lending criteria now in force.
- 7 Nil transfer from the General Fund Balance .
- 8 Support services have been inflated in accordance with the pay award.
- 9 Budget for car parking income based on fee structure currently on place and 14/15 level of usage.
- 10 Budget for refuse and recycling is based on 14/15 scheme and reviewed for known budget pressures.
- 11 The grants budget has been left at the 2014/15 level prior to the special Community Well Being PDG meeting.

Appendix 2

Summary of Decent and Affordable Homes PDG

Service Unit		2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
SES15 Private Sector Housing Grants		(165,152)	110,460	129,590	19,130
SHG02 Housing Advice		97,601	103,710	0	(103,710)
SHG03 Homelessness Accommodation		105,498	206,190	218,560	12,370
TOTALS		37,947	420,360	348,150	(72,210)

SES15 Private Sector Housing Grants

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	100,416	105,790	122,420	16,630
3000	Transport	6,644	4,020	5,610	1,590
4000	Cost Of Goods And Services	5,147	650	1,560	910
7000	Income	(277,357)	0	0	0
	TOTALS	(165,152)	110,460	129,590	19,130

Cost Centre	Cost Centre Name
ES350	Mandatory Dfgs
ES353	Rro Grants
ES354	Private Sector Housing Team

Major Budget Movements

The salaries has increased to reflect an additional part-time Private Sector Housing Officer.

SHG02 Housing Advice

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	90,541	95,610	0	(95,610)
3000	Transport	6,476	6,750	0	(6,750)
4000	Cost Of Goods And Services	584	1,350	0	(1,350)
	TOTALS	97,601	103,710	0	(103,710)

Cost Centre	Cost Centre Name
HG374	Housing Needs Team

Major Budget Movements

This service unit has been amalgamated with Homelessness (SHG03).

SHG03 Homelessness Accommodation

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	89,414	92,030	192,560	100,530
2000	Premises	5,602	7,810	7,800	(10)
3000	Transport	5,066	4,880	12,290	7,410
4000	Cost Of Goods And Services	176,450	246,620	174,410	(72,210)
7000	Income	(171,035)	(145,150)	(168,500)	(23,350)
	TOTALS	105,498	206,190	218,560	12,370

Cost Centre	Cost Centre Name
HG320	Housing & Homelessness Advice
HG373	Housing Options Staff

Major Budget Movements

This service unit now includes the staffing and other budgets previously set on Housing Advice (SHG02).

Staffing - Reorganisation of staff posts and provision of a new 0.5FTE post to undertake Homelessness work previously undertaken by outside organisations. (This post is subject to job evaluation and Management Team approval.)

Reduction in bad debt provision of (£57.5K) based on detailed review of repayments to previous years debts

Reduction in Grant funding (£13K) as looking to move more work in house (still subject to Management Team approval).

Devon County Council funding (£20K) towards a Youth Homelessness Post.

GENERAL FUND SUMMARY	FTE	Budget Direct Cost	+ - %	Budget Meeting Savings	Target Savings	Target Savings	
(Direct costs)	2015/16	2014/15		2015/16	2016/17	2017/18	Comments
Cabinet							
Chief Executive	2.0	159,080	0.0%				
Corporate Fees/Charges	0.1	153,110	0.0%				
Pension Backfunding	1.0	738,310	0.0%				
Accountancy Services	8.5	400,930	-1.5%	-6,000			0.21 FTE staff saving
Internal Audit	2.7	98,870	-3.5%	-3,500			Reduced hours in team
Procurement	1.6	51,910	0.0%				
Purchase Ledger	1.5	45,100	0.0%				
Sales Ledger	1.5	34,710	0.0%				
Human Resources	4.8	203,160	0.0%				
Mddc Staff Training	0.0	119,730	-20.9%	-25,000			Reduced based on last yrs actuals and commitment to new system by L&D
Payroll	2.0	58,950	0.0%				
Learning And Development	0.8	39,850	0.0%				
It Gazetteer Management	2.0	63,810	0.0%				
It Information Management	1.0	27,450	0.0%				
It Information Technology	12.7	822,400	-5.3%	-43,900	-5000		Phone lines, IDOX licences, taken out vacant post, allowing for trainee, paper
Electoral Registration	4.0	111,040	0.0%				
Election Costs	0.0	20,000	0.0%				
Democratic Rep And Management	2.8	414,720	0.0%				
Legal Services	5.0	187,150	-4.3%	-8,000			New fee structure to be implemented 1/10/14
54		3,750,280	-2.3%	-86,400	-5,000	0	
Community Well Being PDG							
Community Development	5.2	419,900	-6.8%	-28,500	-20000		Reduce grants by £20k. Reduction staff hrs £6k. Citizen panel (£2.5k)
Economic Development	2.0	-21,910	18.3%	-4,000			Agreed to recruit Market Officer for 30 hrs pw not 37hrs as budgeted.
Customer Services Admin	3.5	154,910	0.0%				
Customer First	23.0	642,450	-1.9%	-12,000			Not renewing MD Talk -£12k. Push comms through web site
Emergency Planning	0.0	0					
Community Safety - C.C.T.V.	0.2	3,100	0.0%				
Pool Cars	0.0	6,480	0.0%				
Es Staff Units/Recharges	14.1	609,390	-13.0%	-79,000			Restructure
Community Safety	1.7	55,440	0.0%				
Food Safety	0.0	-1,530	0.0%				
Health And Safety At Work	1.0	22,710	0.0%				
Health Education	0.0	0					
Licensing	2.8	-12,500	0.0%				
Pest Control	0.0	5,500	0.0%				
Pollution Reduction	0.0	2,710	0.0%				
Building Regulations	5.0	11,640	-618.6%	-72,000			Restructure
Enforcement	2.5	97,800	0.0%				
Development Control	23.2	75,160	-33.3%	-25,000			Restructure and increase in income (incl pre app advice)
Local Land Charges	1.8	-20,450	0.0%				
Economic Development	2.5	-60,360	39.8%	-24,000			Member of staff going part time - see cost pressures - staff restructure
Tourism Pol, Marketing & Devel	0.0	0					
Forward Planning	7.2	249,310	0.0%				
Regional Planning	0.0	62,520	0.0%				
Collection Of Council Tax	8.8	275,020	-4.4%	-12,000			Additional Court Costs Income from £73k to £85k - JC to work on forecast
Collection Of Business Rates	1.0	-58,400	77.1%	-45,000			NNDR Charity Rate Relief no longer required under new NNDR Scheme
Housing Benefit Admin & Fraud	13.5	56,760	0.0%				
Housing Benefit Subsidy	0.0	0					
Debt Recovery	1.5	38,170	0.0%				
Council Tax Benefit Subsidy	0.0	0					
Recreation And Sport	53.9	141,910	-211.4%	-300,000			Target for service (EV enhancement?, pricing policy, increase off peak activity & corp members)
174		2,755,730	-21.8%	-601,500	-20,000	0	
Decent and Affordable Housing PDG							
Private Sector Housing Grants	4.1	110,460	0.0%				
Housing Advice	0.0	103,710	0.0%				
Homelessness Accommodation	6.5	206,190	-12.1%	-25,000			20k DCC grant for Yth Homelessness post, 5k cut Dom Violence grant.
11		420,360	-5.9%	-25,000	0	0	
Managing the Environment PDG							
Parking Services	0.0	-434,000	0.0%				Consider including amenity car parks on charging order? Review of current year income from P and D and overnight charging.
Cemeteries	1.1	-39,670	0.0%				
Public Health	0.0	2,160	0.0%				
Open Spaces	2.2	156,900	0.0%				
Grounds Maintenance	18.5	542,680	0.0%				
Asset Management	0.0	8,750	0.0%				
Flood Defence And Land Drain	0.0	26,430	0.0%				
Street Naming & Numbering	0.2	8,280	0.0%				
Administration Buildings	0.1	243,500	-4.1%	-10,000			Rates reduction P/House, increase rent from Prospect
Mddc Depots	0.0	58,610	-10.2%	-6,000			Rent from leasing Lords Meadow Depot
Public Transport	0.0	-17,440	0.0%				
Office Building Cleaning	3.1	54,930	0.0%				
Property Services Staff Unit	8.9	256,860	0.0%				
Tourist Information Centre	0.0	-7,360	40.8%	-3,000			Rent for 1 Phoenix Lane more than budgeted for
Public Conveniences	1.7	122,870	-41.8%	-51,340	-16340		PDG report on PC provision
Street Cleansing	8.2	342,880	-2.2%	-7,500			Recharge for sweeping Market Walk
Waste Collection	30.8	1,203,760	-3.6%	-43,000	-500000		Estimated income for charging for Garden Waste
Recycling	25.8	623,400	-24.0%	-149,500			Sinking fund savings, glass income, rates at 16 shop, est saving on vehicle maint
Recycling - OCT 15 New Scheme							
Waste Management	5.3	230,220	0.0%				
106		3,383,760	-8.0%	-270,340	-516,340	0	
GRAND TOTAL	345	10,310,130	-9.5%	-983,240	-541,340	0	

GENERAL FUND SUMMARY SAVINGS SCHEDULE	FTE	Budget Direct Cost	+ - %	Budget Meeting Savings / Cost Pressures	Target Savings / Cost Pressures	Target Savings / Cost Pressures	
(Direct costs)	2015/16	2014/15		2015/16	2016/17	2017/18	Comments
Cabinet							
Chief Executive	2.0	159,080	0.0%				
Corporate Fees/Charges	0.1	153,110	0.0%				
Pension Backfunding	1.0	738,310	5.4%	40,000	45000	50000	New pension contribution rates/LEP contribution of £5k ongoing/ Review other corp fees
Accountancy Services	8.5	400,930	0.0%				
Internal Audit	2.7	98,870	0.0%				
Procurement	1.6	51,910	0.0%				
Purchase Ledger	1.5	45,100	0.0%				
Sales Ledger	1.5	34,710	0.0%				
Human Resources	4.8	203,160	7.4%	15,000			Selling services income reduced
Mdco Staff Training	0.0	119,730	0.0%				
Payroll	2.0	58,950	8.5%	5,000			Impact of JE
Learning And Development	0.8	39,850	0.0%				
It Gazetteer Management	2.0	63,810	0.0%				
It Information Management	1.0	27,450	0.0%				
It Information Technology	12.7	822,400	0.0%				
Electoral Registration	4.0	111,040	0.0%				
Election Costs	0.0	20,000	5.0%	1,000			Impact of JE
Democratic Rep And Management	2.8	414,720	2.4%	10,000			£2.5k for members transport, £7k for Mod.Gov but this should be cost neutral although savings will show against print budget in ICT
Legal Services	5.0	187,150	4.0%	7,500			Appointment of higher grade solicitor
54	3,750,280	2.1%	78,500	45,000	50,000		
Community Well Being PDG							
Community Development	5.2	419,900	0.5%	2,300			JE Regrade
Economic Development	2.0	-21,910	-109.5%	24,000			Not achieving increased income budget at market. JE regrades.
Customer Services Admin	3.5	154,910	0.0%				
Customer First	23.0	642,450	3.0%	19,500			Maintenance for new Kiosk 1.5k & 5k new EMR for replacement fund. Impact of JE and staff transfer
Emergency Planning	0.0	0					
Community Safety - C.C.T.V.	0.2	3,100	0.0%				
Pool Cars	0.0	6,480	0.0%				
Es Staff Units/Recharges	14.1	609,390	0.0%				
Community Safety	1.7	55,440	0.0%				
Food Safety	0.0	-1,530	0.0%				
Health And Safety At Work	1.0	22,710	0.0%				
Health Education	0.0	0					
Licensing	2.8	-12,500	-72.0%	9,000			Increase in staff hrs -agreed 13-14 wasn't included in budget. LW still to review fees
Pest Control	0.0	5,500	0.0%				
Pollution Reduction	0.0	2,710	0.0%				
Building Regulations	5.0	11,640	515.5%	60,000			Review income during year to check performance vs budget
Enforcement	2.5	97,800	0.0%				
Development Control	23.2	75,160	0.0%				
Local Land Charges	1.8	-20,450	0.0%				
Economic Development	2.5	-60,360	-164.0%	99,000			Economic Dev Post. Town Centre Manager £41k and Economic development officer £21k- poss fund from NHB?
Tourism Pol, Marketing & Devel	0.0	0					
Forward Planning	7.2	249,310	0.0%				
Regional Planning	0.0	62,520	0.0%				
Collection Of Council Tax	8.8	275,020	0.0%				
Collection Of Business Rates	1.0	-58,400	0.0%				
Housing Benefit Admin & Fraud	13.5	56,760	54.6%	31,000			Assumed 10% cut on DWP Admin grant. Info at this time DWP will not remove fraud element as planned transfer of May 15 is after 1/5/15 - note if view changes this grant reduction could be up to 20% circa £62k.
Housing Benefit Subsidy	0.0	0					
Debt Recovery	1.5	38,170	0.0%				
Council Tax Benefit Subsidy	0.0	0					
Recreation And Sport	53.9	141,910	0.0%				
174	2,755,730	8.9%	244,800	0	0		
Decent and Affordable Housing PDG							
Private Sector Housing Grants	4.1	110,460	16.2%	17,900			Half post not budgeted for in E/health Restructure
Housing Advice	0.0	103,710	0.0%				
Homelessness Accommodation	6.5	206,190	0.0%				
11	420,360	4.3%	17,900	0	0		
Managing the Environment PDG							
Parking Services	0.0	-434,000	-10.1%	44,000			Income below profile and not looking to achieve additional £44k - review vs budget
Cemeteries	1.1	-39,670	-28.3%	11,220			Additional salary costs
Public Health	0.0	2,160	0.0%				
Open Spaces	2.2	156,900	0.0%				
Grounds Maintenance	18.5	542,680	1.1%	6,000			Sinking fund of new Tractor.
Asset Management	0.0	8,750	0.0%				
Flood Defence And Land Drain	0.0	26,430	0.0%				
Street Naming & Numbering	0.2	8,280	0.0%				
Administration Buildings	0.1	243,500	0.0%				
Mdco Depots	0.0	58,610	0.0%				
Public Transport	0.0	-17,440	0.0%				
Office Building Cleaning	3.1	54,930	0.0%				
Property Services Staff Unit	8.9	256,860	2.0%	5,100			Apprentice to work along side Technical officer. Could be more depending on cost of Agency for the Technical Officer
Tourist Information Centre	0.0	-7,360	0.0%				
Public Conveniences	1.7	122,870	0.0%				
Street Cleansing	8.2	342,880	0.0%				
Waste Collection	30.8	1,203,760	1.8%	21,500			1 additional member of staff
Recycling	25.8	623,400	11.5%	71,980			Rent, forklifts, 1 add staff, baler loan+sfund+annual maint
Recycling - OCT 15 NEW SCHEME				158,000	95,000		Pwlb loan recycling receptacles + estimated cost of administrating new scheme
Waste Management	5.3	230,220	0.0%				Funding for new recycling vehicles??
106	3,383,760	9.4%	317,800	95,000	0		

Cost Pressures

Salary inflation 1% from 1/4/15
Other inflation - 3% per annum on supp and serv + utilities
Interest received
Contracted out pension rebate abolished
Capital funding/borrowing costs of new equip/vehicles/mp/??
Review RCCO requirement - currently £125k in 14/15 budget

Month 3 monitoring forecast Issues

Funding Adjusts

Reduced Formula Grant £656k (from prov grant settlement)
Council Tax Freeze grant from 14/15
C Tax 1.5% increase pa
C Tax addl properties
Reduction in CTR grant to TC/PCs
Collection Fund surplus decrease
Finance lease interest
PWLB interest payable
Contribution from EMR/NHB to fund TCM and econ dev post
Total Budgeted Cost Pressures

	110,000		
	50,000		
A	50,000		
		137,000	137,000
B	656,000		
C	-49,000		
D	-78,000		
D	-40,000		
E	-33,000		
F			
G			
H			
	-99,000		
	1,226,000		

Based on est of 250 new props per annum
35% reduction for 15/16

Total Budget Meeting Savings (See other sheet)

-983,240	
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Projected Budget Gap

242,760	
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GF Balance B/F

-2,460,711

GF Balance C/F

-2,217,951

	Provisional Capital Programme 2015/16 £k	Estimated Capital Programme 2016/17 £k	Estimated Capital Programme 2017/18 £k	Estimated Capital Programme 2018/19 £k	Total £k
Estates Management					
Leisure - Site Specific					
<u>Lords Meadow leisure centre</u>					
Main car park resurfacing	50				50
Replace main filters -including access arrangements		70			70
Tennis Court resurfacing and lining (subject to need)		25			25
Swimming pool tiling and balance tank fabrication			50		50
Squash Court roof -valleys steps	20				20
<u>Exe Valley leisure centre</u>					
* Fitness gym extension	500				500
Inflatable dome for tennis courts (subject to business case)	0			80	80
<u>Culm Valley sports centre</u>					
* Fitness gym extension	0			500	500
Total	570	95	50	580	1,295
0					
* Figures included per Leisure consultants report - further work required & subject to Business Case demonstrating acceptable payback period					
Other MDDC Buildings					
<u>Pannier Market</u>					
Pannier Market paving resurfacing (subject to planning)		150			150
Pannier Market decoration -whole building out of hours				60	60
<u>Town Hall</u>					
Secondary means of escape-improved use of chamber			30		30
High level maintenance on the structure -repointing etc			50		50
<u>General Car parks</u>					
<u>Pay and Display and Amenity Car Parks</u>					
Beck Square car park -resurface and lining			50		50
William Street Car Park-resurface and reline		50			50
<u>MSCP Improvements</u>					
Planned replacement expansion joint replacement	40		40		80
Surfacing Road past M & S to MSCP		50			50
<u>MDDC Depot sites</u>					
Lords Meadow Depot -Replace/repair asbestos roof				50	50
Old Road Depot -Yard resurfacing and lining (subject to move)		35			35
Station Yard- Yard resurfacing and lining (subject to move)			35		35
Old Road roof - permanent repairs				50	50
Depot relocation land purchase and fit out		2,500			2,500
<u>Play Areas</u>					
Play area refurbishment district wide	50	50	50	50	200
<u>Cemeteries</u>					
Chapel roofs Tiverton and Crediton			40		40
<u>Other Projects</u>					
Land drainage flood defence schemes	50	50	50	50	200
Sewage Pumping Stations (HRA)	50	50	50	50	200
Total	190	2,935	395	310	3,830
0					
<u>HRA Projects</u>					
Housing Maintenance Fund	3,500	3,500	3,500	3,500	14,000
Disabled Facilities Grants - Council Houses	291	297	303	309	1,200
Palmerston Park Tiverton - affordable dwellings	4,000				4,000
Culmstock	700				700
Conversion of Shapland Place garages Tiverton - dwellings or starter units		1,000			1,000
Round Hill Tiverton site development			3,000		3,000
Total	8,491	4,797	6,803	3,809	23,900
0					
<u>ICT Projects</u>					
Replacement of PC estate 330s	40	0	40	0	80
Server farm expansion/upgrades	20	0	20	0	40
Unified Comms/telephony	50	25			75
Digital Transformation		50	100	100	250
Mobile Working NDL MX	30				30
Members Mobile	25				25
SQL/Oracles refreshes	20	50			70
HRA Digital Transformation (HRA)	30				30
InCab	60				60
E-Financials Technical refresh	20				20
Uniform Technical refresh	20				20
Misc items in future years		175	140	200	515
Total	315	300	300	300	1,215
0					

	Provisional Capital Programme 2015/16 £k	Estimated Capital Programme 2016/17 £k	Estimated Capital Programme 2017/18 £k	Estimated Capital Programme 2018/19 £k	Total £k
Affordable Housing Projects					
Grants to housing associations to provide houses (covered by Commuted Sums)	0	300	300	300	900
Affordable Housing 0.67 FTE	26	26	26	26	104
Alexandra Lodge - contribution to Care Home Provision	300				300
Total	326	326	326	326	1,304
					0
Private Sector Housing Grants					
Work in Default /Discretionary Grants	0	0	0	0	0
Loans Scheme (Wessex Reinvestment Trust)	0	0	0	0	0
Empty Homes	102	104	106	108	420
Disabled Facilities Grants-P/Sector	459	468	477	487	1,891
Total	561	572	583	595	2,311
					0
Economic Development Projects					
Schemes as yet to be identified	100	100	100	100	400
Total	100	100	100	100	400
Replacement Vehicles					
Grounds Maintenance	58	0	30	35	123
Housing Repairs (HRA)	59	0	24	0	83
Street Cleansing	50	0	0	67	117
Refuse Collection	195	320	160	165	840
Trade Waste	160	0	0	0	160
Recycling	0	0	0	0	0
CCTV Initiatives	40	0	0	0	40
Total	562	320	214	267	1,363
					0
Waste & Recycling					
No Costs included for new Refuse & Recycling scheme Oct '15 prior to PDG recommendations					0
Total	0	0	0	0	0
					0
Grand Total	11,115	9,445	8,771	6,287	35,618
	0	0	0	0	0
					0
Funding					
	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	Total
Council House sales	-300	-300	-300	-300	-1,200
Council House sales (1 for 1 receipts - replacement Homes)	-300	-300	-300	-300	-1,200
Misc Land/Property sales	-80	-80	-80	-80	-320
Disabled Facility Grants - Mandatory - Private Sector	-254	-254	-254	-254	-1,016
HRA Revenue Contribution	-139	-50	-74	-50	-313
HRA Revenue Contribution - Council House Building	-4,400	-700	-2,700		-7,800
Housing Maintenance Fund	-3,500	-3,500	-3,500	-3,500	-14,000
Decent Homes Backlog Funding					0
Affordable Housing S106s - matched to spend	-326	-326	-326	-326	-1,304
General Capital Reserve	-65	-65	-65	-65	-260
2014/15 capital programme forecast net u/spends	0	0	0	0	0
Regional Housing Pot Reserve	-12	-12	-11	-11	-46
Revenue Contribution from General Fund	-125	-125	-125	-125	-500
Amounts req'd from New Homes Bonus	-1,039	-732	-606	-822	-3,199
Contribution from UCR	-25	-25	-25	-25	-100
Contribution from sinking funds	-161	-190	-120	-144	-615
Contribution from Private Sector Housing Grant EMR	-311	-286	-285	-285	-1,167
Contribution from CGU non specific reserve	-78				-78
PWLB Borrowing	0	-1,500			-1,500
Capital Receipt for Town Hall & depot Rationalisation		-1,000			-1,000
Total Funding	-11,115	-9,445	-8,771	-6,287	-35,618
					0
Funding Gap	0	0	0	0	0

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DECENT & AFFORDABLE HOMES PDG
25 NOVEMBER 2014

AGENDA ITEM:

HRA BUDGET 2015/16

Cabinet Member Cllr Peter Hare-Scott, Cllr Ray Stanley
Responsible Officer Head of Finance, Head of Housing

Reason for Report: This report provides an estimate of the budget required for the operation of the Housing Revenue Account (HRA) in 2015/16. The remaining uncertainties are the specifics of the rent increase and the ongoing effect that welfare reform will have.

RECOMMENDATION: That the PDG note the content of this report.

Relationship to Corporate Plan: The financial resources of the Council directly impact on its ability to deliver its Corporate Plan objectives/pledges.

Financial Implications: A balanced and realistic budget must be set for 2015/16 in order that the HRA reserve is not threatened with unplanned expenditure. The rent convergence target of 2015/16 will need to be met in order that the 30 year business plan's need for much greater investment in the housing stock is achievable.

Legal Implications: It is a statutory requirement for the Council to set a balanced budget.

Risk Assessment: Service managers and Finance staff have assessed volatility in income and large contractor budgets. In addition, reserves will continue to be maintained at prudent levels and grown in some cases to meet future pressures.

1.0 Introduction

- 1.1 Finance and Housing officers have now collated a draft budget for 2015/16 which proposes a balanced budget position, shown here in Appendix 1. This means that we are able to predict with relative certainty the majority of the HRA budget areas.

2.0 Draft Budget

- 2.1 We are required to set an HRA budget where expenditure is balanced by income. The income is made up primarily of dwelling rents whereas the expenditure consists of day-to-day operations, corporate overheads and capital expenditure. The largest expenditure in the HRA is an annual debt repayment of £2,645k that is made to the Public Works Loan Board.
- 2.2 Our rent income (both dwelling and non-dwelling) is expected to generate in excess of £13m in 2015/16.

- 2.3 The major challenge for managers in setting next year's budget is to meet the significant demand for investment in property maintenance in the long term. It is proposed that £2,113k be budgeted as an annual contribution to the Housing Maintenance Fund to provide for any spikes in demand in future years. The Repairs budgets are showing an increase at present due to increased use of external contractors. However, officers intend to put plans in place to reduce this budget in time for the final budget report in January.
- 2.4 Recharges between the General Fund and HRA are yet to be finalised, but overall the position between the HRA and the General Fund has been assumed as increasing in line with estimated salary growth.

Rent

- 2.5 MDDC rents currently lag behind Formula Rent (the target that we are tasked with meeting by 2015/16). DCLG are increasing Formula Rent by 2.8%. This means that MDDC need to increase rent even more if the gap is to be closed in time.
- 2.6 By increasing the rents by an average of 3.4%, we will ensure that the vast majority of properties have reached the Formula Rent and those that lag further behind are moved towards Formula Rent as quickly as is possible.

Other Fees & Charges

- 2.7 It is proposed that garage plot ground rents are increased from £165 to £185 per annum. This move is designed to align them more closely with residential parking permits, which will cost £375 in the coming year. In addition, it is proposed that garage rents increase by 2.3% to £11.25 per week.

HRA Reserve

- 2.8 It is anticipated that the HRA reserve balance will stand at approximately £2m at the beginning of 2015/16. There is no plan to utilise the reserve to fund revenue expenditure. It seems sensible for members to revisit the level of reserve and agree upon a level appropriate to the situation that the HRA now finds itself in.
- 2.9 The work identified in the most recent stock condition survey means that there will be increased pressure on the HRA reserve over the coming years. Managers will need to invest time in business planning and strategy in order to meet the funding demands of the work identified.

3.0 Future Issues

- 3.1 The single biggest issue facing social housing is welfare reform. Great uncertainty exists about the details of new arrangements for the future. What is more, the implications of these changes are difficult to quantify. Once new arrangements have bedded in, it will be clearer what action MDDC need to take. For instance, it is not clear when Universal Credit will be introduced, if at all.

- 3.2 The Supported Housing service is changing hugely in 2015/16 in that the Warden service will cease to operate from April onwards. This will reduce both income and expenditure and will give MDDC more certainty about its future income and expenditure streams.
- 3.3 This budget has been set on the basis of agreed funding, with a much reduced operational structure, following the decision by Cabinet. The service will then comprise Community Alarms provided to tenants and non-tenants as well as a small Warden service provided to clients with Learning Disabilities.
- 3.4 The prospect of building new social housing raises the issue of significant financing requirements. It means that reserves may need to be built up or additional debt taken on (subject to the cap on debt) in the near future, increasing the pressure on the revenue budget each year.
- 3.5 Further reports will be set before members as and when there are developments on any of these issues.

4.0 Conclusion

- 4.1 The proposals from this meeting will be used to prepare the final budget proposals, to be brought before this group on 20/01/15.

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Background Papers: None
File Reference: None
Circulation of Report: Management Team

Housing Revenue Account Budget

Code	Best Value Unit	Previous Year Outturn	Current Year YTD Actuals	Current Year Budget	Movement	Proposed Budget 2015/16
BHO01	Dwelling Rents	(11,892,276)	(6,731,667)	(12,466,560)	(336,710)	(12,803,270)
BHO02	Non Dwelling Rents	(525,706)	(297,858)	(525,060)	(3,850)	(528,910)
BHO03	Warden Income	(330,507)	(101,156)	(329,080)	298,100	(30,980)
BHO04	Leaseholders' Service Charges	(12,712)	0	(13,500)	410	(13,090)
BHO05	Contributions Towards Expenditure	(37,860)	(18,530)	(35,300)	330	(34,970)
BHO06	Community Alarms Income	(133,637)	(115,110)	(133,930)	(4,240)	(138,170)
BHO06B	Miscellaneous & Solar Panel Income	(484,305)	(177,517)	(19,000)	(150,000)	(169,000)
BHO07	H.R.A. Investment Income	(27,108)	0	(41,000)	1,000	(40,000)
BHO09	Repairs And Maintenance	2,530,898	1,623,806	2,647,920	221,900	2,869,820
BHO10	Supervision & Management	1,437,182	966,022	1,800,000	160,580	1,960,580
BHO11	Special Services	394,796	190,165	382,970	(204,270)	178,700
BHO17	Bad Debt Provision Movement	(1,303)	0	25,000	0	25,000
BHO18	Share Of Corporate And Democratic	154,530	84,082	181,600	21,290	202,890
BHO20	Interest Payable	1,375,123	632,384	2,812,000	(1,344,210)	1,467,790
BHO22	H.R.A. Transfers between earmarked reserves	2,077,992	0	0	125,000	125,000
BHO23	Revenue Contribution to Capital	2,907,973	0	145,580	(17,180)	128,400
	TOTAL	(2,606,355)	(3,945,380)	(5,568,360)	(1,231,850)	(6,800,210)

Recharges			1,205,890	12,060	1,217,950
Capital charges			4,362,470	1,219,790	5,582,260
TOTAL			0		0

Assumptions

Social Rents to increase by an average of 3.4% to give an average of £81.20

Formula Rent to increase by 2.8%

Affordable Rents to increase by 2.8%

Garage rents to increase from £11.00 to £11.25 per week

95% occupancy in HRA retail units

The Warden Service to cease operation

Community alarm customer numbers to remain high + 50 customers from within the tenant population

HRA cash balances to remain high in the short term

Debt repayments of £2,645k to PWLB and £125k to GF

£2,113k contribution to the Housing Maintenance Fund to be made

Recharges to grow with salary inflation

8104 PDG Report Proforma**SHO01 Dwelling Rents Inc**

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	20,802	30,000	30,000	0
7000	Income	(11,913,078)	(12,496,560)	(12,833,270)	(336,710)
	TOTALS	(11,892,276)	(12,466,560)	(12,803,270)	(336,710)

Cost Centre	Cost Centre Name
HO700	Genl Needs Housing Rents

Major budget movements

Dwelling rents increasing by an average of 3.4%

The overall increase is only 2.7% - this is due to the fact that so many properties have been sold and so we are budgeting for fewer

SHO04 Non Dwelling Rents Inc

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	562	0	0	0
7000	Income	(526,268)	(525,060)	(528,910)	(3,850)
	TOTALS	(525,706)	(525,060)	(528,910)	(3,850)

Cost Centre	Cost Centre Name
HO760	Car Parking Income
HO770	Garage Income
HO780	Ground Rent Income
HO790	Shop Income
HO795	Leased Accommodation
HO800	Land Licence

Major budget movements

No major movements. However, the increase in ground rents is largely offset by increased void garages.

SHO06 Tenant'S Ch For Services

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	432	0	0	0
7000	Income	(330,939)	(329,080)	(30,980)	298,100
	TOTALS	(330,507)	(329,080)	(30,980)	298,100

Cost Centre	Cost Centre Name
HO855	Supported Housing Other Income
HO860	Warden Service Income
HO865	Learning Disability Income

Major budget movements

Reduction in income due to cessation of Warden services.

Therefore, Devon County Council funding has been removed from the budget, leaving only the Learning Disability contract income.

SHO07 Leaseholders' Ch For Serv

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
7000	Income	(12,712)	(13,500)	(13,090)	410
	TOTALS	(12,712)	(13,500)	(13,090)	410

Cost Centre	Cost Centre Name
HO870	Leaseholders' Service Charges

Major budget movements

No major movements

SHO08 Contributions Towards Exp

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	13,017	25,000	26,500	1,500
7000	Income	(50,878)	(60,300)	(61,470)	(1,170)
	TOTALS	(37,860)	(35,300)	(34,970)	330

Cost Centre	Cost Centre Name
HO885	Contributions Towards Exp
HO890	Rechargeable Repairs Income

Major budget movements

No major movements

SHO09 Private Sector Income

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	45	0	0	0
7000	Income	(133,683)	(133,930)	(138,170)	(4,240)
	TOTALS	(133,637)	(133,930)	(138,170)	(4,240)

Cost Centre	Cost Centre Name
HO920	Community Alarm Income

Major budget movements

No major movements

SHO10 H.R.A. Investment Income

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
7000	Income	(27,108)	(41,000)	(40,000)	1,000
	TOTALS	(27,108)	(41,000)	(40,000)	1,000

Cost Centre	Cost Centre Name
HO930	Investm'T Income - Capital Bal
HO950	Mortgage Interest

Major budget movements

No major movements

SHO11 Misc. Income

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	2,633	0	0	0
7000	Income	(486,938)	(19,000)	(169,000)	(150,000)
	TOTALS	(484,305)	(19,000)	(169,000)	(150,000)

Cost Centre	Cost Centre Name
HO696	Capital Grants And Contributio
HO960	Sundry Income Incl. Wayleaves
HO962	Solar Panel Scheme Income

Major budget movements

£150k budgeted for expected receipts from the Solar Panel scheme (this will be transferred to the Renewable Energy Fund).

SHO13 Disabled Adaptations

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	140,598	120,140	131,590	11,450
2000	Premises	181	0	0	0
3000	Transport	12,706	15,960	13,590	(2,370)
4000	Cost Of Goods And Services	222,666	171,500	279,340	107,840
7000	Income	(334,022)	(219,420)	(250,000)	(30,580)
	TOTALS	42,129	88,180	174,520	86,340

Cost Centre	Cost Centre Name
HO120	Disabled Adaptations

Major budget movements

The overall increase is due to increasing the materials budget by £76k to match actual expectations.

There has been an increased need to use contractors where existing resources have been insufficient to complete workload.

SHO14 Planned Works

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	199,734	41,560	30,850	(10,710)
2000	Premises	10,521	7,000	7,000	0
3000	Transport	9,219	2,340	1,270	(1,070)
4000	Cost Of Goods And Services	999,821	1,296,890	1,184,040	(112,850)
	TOTALS	1,219,295	1,347,790	1,223,160	(124,630)

Cost Centre	Cost Centre Name
HO130	Planned & Cyclical Maintenance
HO133	Planned Gen Maintenance
HO137	Estate Caretaking

Major budget movements

Reduction in employee costs due to the move from 2.0 FTE to 1.5 FTE

Asbestos budget reduced from £125k to £50k.

Air Source Heat Pump servicing budget reduced from £50k to £25k.

Carbon monoxide detector budget reduced from £70k to £40k.

SHO15 Responsive Repairs

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	470,402	766,020	737,280	(28,740)
3000	Transport	177,902	248,490	196,780	(51,710)
4000	Cost Of Goods And Services	588,237	782,590	1,118,750	336,160
7000	Income	(3,960)	(623,000)	(618,000)	5,000
	TOTALS	1,232,582	1,174,100	1,434,810	260,710

Cost Centre	Cost Centre Name
HO140	Voids Maintenance
HO150	Responsive Repairs

Major budget movements

Overall increase is caused by contractor and material budgets increasing by £189k on Responsive and £146k on Voids, in order to meet demand

Decrease in staffing due to a reduction of 1.5 FTE offset by the addition of an apprentice.

Decrease in transport costs due to £30k of finance leases being moved to capital charges and running costs reducing as fleet replaced more frequently.

Waste disposal costs increasing by £23k as they are now based on actuals instead of estimates.

Where existing resources have been insufficient to complete workload, external contractors have been used.

SHO16 Stores

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	34,686	35,960	35,210	(750)
3000	Transport	906	790	750	(40)
4000	Cost Of Goods And Services	1,300	1,100	1,370	270
	TOTALS	36,892	37,850	37,330	(520)

Cost Centre	Cost Centre Name
HO160	Stores

Major budget movements

No major movements

SHO17 Managing Tenancies

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	362,092	442,880	467,490	24,610
2000	Premises	81,082	94,630	108,580	13,950
3000	Transport	17,787	20,350	21,080	730
4000	Cost Of Goods And Services	92,648	139,550	157,110	17,560
7000	Income	(606)	0	0	0
	TOTALS	553,003	697,410	754,260	56,850

Cost Centre	Cost Centre Name
HO200	A.S.B.
HO210	Estate Management
HO220	General Tenancy
HO222	Creedy Neighbourhood Team
HO224	Culm Neighbourhood Team
HO226	Exe Neighbourhood Team
HO230	General Tenancy Recharge
HO250	H.R.A. Shops
HO270	Lettings & Waiting Lists
HO280	Tenant Involvement
HO370	Rent Collection & Accounting
HO380	Income Collection

Major budget movements

Increase in employee budget since Community Housing Support Officers are being introduced in the absence of wardens.

Increase in premises budget due to planned works on HRA shops.

Increase in goods and services is due to road maintenance budget moving from Responsive Repairs to sit with other Property Services controlled budgets.

SHO19 Policy And Management

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	680,304	929,200	1,001,950	72,750
2000	Premises	6	0	0	0
3000	Transport	16,317	23,810	23,820	10
4000	Cost Of Goods And Services	187,553	149,580	180,550	30,970
	TOTALS	884,179	1,102,590	1,206,320	103,730

Cost Centre	Cost Centre Name
HO295	Solar Panel Scheme Expenditure
HO300	Other Admin Costs
HO310	Repairs Management
HO312	Planned Maintenance Team
HO320	Housing Services Management
HO325	Housing Business Support
HO330	H.R.A. Strategy
HO332	Development Training
HO334	C.P.D. Training
HO350	Finance And Performance
HO390	Sale Of Council Houses

Major budget movements

Increased employee budget due to larger structure in Housing's rent accounting team.

Several smaller increases in corporate membership, printing, stationery, software and photocopying.

SHO22 Floating Supp & Com Alarm

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	270,922	231,740	61,950	(169,790)
2000	Premises	39,495	33,820	39,170	5,350
3000	Transport	17,431	18,710	4,110	(14,600)
4000	Cost Of Goods And Services	95,852	128,270	102,990	(25,280)
7000	Income	(28,905)	(29,570)	(29,520)	50
	TOTALS	394,796	382,970	178,700	(204,270)

Cost Centre	Cost Centre Name
HO400	Warden Service Expenditure
HO410	Community Alarms Expenditure
HO550	Learning Disability Support

Major budget movements

Significant budget reduction due to cessation of Warden service being provided.

SHO29 Bad Debt Provision

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	(1,303)	25,000	25,000	0
	TOTALS	(1,303)	25,000	25,000	0

Cost Centre	Cost Centre Name
HO610	Bad Debt Provision Movement

Major budget movements

No major movements

SHO30 Share Of Corp And Dem

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
1000	Employees	154,530	181,600	202,890	21,290
	TOTALS	154,530	181,600	202,890	21,290

Cost Centre	Cost Centre Name
HO620	Share Of Corp And Dem

Major budget movements

Page 41

The pension valuation process now sets a minimum cash payment figure which must be attained and new auto-enrolment process has increased participation levels.

SHO32 H.R.A. Int Pay & Amort Of Dp

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	1,375,123	2,812,000	1,467,790	(1,344,210)
	TOTALS	1,375,123	2,812,000	1,467,790	(1,344,210)

Cost Centre	Cost Centre Name
HO640	H.R.A. Interest Payable

Major budget movements

This budget previously covered interest and principal repayments on HRA loans, but from now on includes interest only.

The principal is now shown as part of capital charges - please see appendix 1.

SHO34 H.R.A. Trf To/From Emr

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	3,023,761	0	150,000	150,000
7000	Income	(945,769)	0	(25,000)	(25,000)
	TOTALS	2,077,992	0	125,000	125,000

Cost Centre	Cost Centre Name
HO698	Hra Trf To/From Emr

Major budget movements

This budget represents the transfer to the renewable Energy Fund of the estimated income and expenditure of the Solar Panel scheme.

It is estimated that there will be £150k income to transfer to reserves and £25k to be funded from reserves.

SHO36 Contribution to capital expenditure

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	120,811	145,000	139,000	(6,000)
	TOTALS	120,811	145,000	139,000	(6,000)

Cost Centre	Cost Centre Name
HO660	H.R.A. R.C.C.O.
HO692	Transfr To/From H.R.A. Reserve
HO695	Financing Of Capital Exp Hra

Major budget movements

Contribution to capital projects as follows.

£30k Digital transformation

£59k Vehicle replacement

£50k Sewage pumping station

SHO37 Right to buy admin charge

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
7000	Income	(31,200)	(7,800)	(15,600)	(7,800)
	TOTALS	(31,200)	(7,800)	(15,600)	(7,800)

Cost Centre	Cost Centre Name
HO688	Admin Costs On Disposal Of Nca

Major budget movements

No major movements

SHO38 Major Repairs Res Adj

Group	Description	2013/14 Actuals	2014/15 Budget	2015/16 Budget	Movement £
4000	Cost Of Goods And Services	2,641,324	8,380	5,000	(3,380)
	TOTALS	2,641,324	8,380	5,000	(3,380)

Cost Centre	Cost Centre Name
HO690	Trf To/From Major Repairs Res

Major budget movements

No major movements

SHO14**Planned Works**

Cost centre	Account	Account Description	Proposed Budget 2015/16
HO130	4110	Equipment Maintenance	4,890
HO130	4213	Planned Asbestos Work	50,000
HO130	4215	External Contr - Legionella	3,500
HO130	4216	External Contr - Electrical	100,000
HO130	4230	External Contr -Gas Servicing	368,150
HO130	4231	External Contr -Lift Maint	500
HO130	4232	External Contr - Paint & Reps	440,000
HO130	4236	Air Source Heat Pump Servicing	25,000
HO130	4237	Solar Panel Maintenance	1,000
HO130	4238	Scaffolding	15,000
HO130	4239	Carbon Monoxide Detectors	40,000
HO130	4522	Solid Fuel Repairs	15,000
HO130	4524	Garage Repairs	30,000
HO130	4526	Cyclical Testing	88,000
HO137	4403	Mobile Telephones	1,000
HO137	4505	Materials Stock Issues	2,000
		TOTAL	1,184,040

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**DECENT AND AFFORDABLE HOMES
25 NOVEMBER 2014**

AGENDA ITEM

FINANCIAL UPDATE FOR THE SIX MONTHS TO 30 SEPTEMBER 2014

Cabinet Member Cllr Neal Davey
Responsible Officer Head of Finance

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

RECOMMENDATION(S): 1. The Cabinet note the financial monitoring information for the income and expenditure for the six months ended 30 September 2014.

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

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

Legal Implications: None.

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

1.0 Introduction

- 1.1 The purpose of this report is to highlight to Cabinet our current financial status and the likely reserve balances at 31 March 2015. It embraces both revenue, in respect of the General Fund and Housing Revenue Account, and capital and aims to focus attention on those areas which are unlikely to achieve budget. It is particularly important for next year's budget setting and, looking further ahead, with the medium term financial plan.
- 1.2 Favourable variances generating either increased income or cost savings are expressed as credits (negative numbers), whilst unfavourable overspends or incomes below budget are debits (positive numbers). This report only includes budget variances in excess of £10k as the purpose of the report is to concentrate on material issues that may require further investigation/action. Budget variances are expressed net of budgeted transfers to or from earmarked reserves, which were previously approved by Cabinet. A more detailed analysis will be provided with the final outturn report for the year.

2.0 Executive Summary of 2014/15

- 2.1 The table below shows the opening position of key operational balances of the Council, the forecasted in year movements and final predicted position at 31 March 2015:

Usable Reserves	31/03/2014	Forecasted in year movement	31/03/2015
	£k	£k	£k
Revenue			
General Fund – see note	(2,460)	172	(2,288)
Housing Revenue Account	(2,004)	(51)	(2,055)
Capital			
Major Repairs Reserve	-	(307)	(307)
Capital Receipts Reserve	(835)	439	(396)
Capital Contingency Reserve	(963)	647	(316)

3.0 The General Fund Reserve

- 3.1 This is the major revenue reserve of the Council. It is increased or decreased by the surplus or deficit generated on the General Fund in the year. This reserve held a balance of £2,460k as at 31/03/14.
- 3.2 The forecast General fund deficit for the current year is £172k as shown at Appendix A. The most significant movements this month comprise:
- An improvement in Development Control fees £(20)k
 - The Housing Benefit subsidy position looks better £(18)k
 - Building Regulation income up £(10)k
 - Consultancy for individual election registration £ 40k
 - Construction infrastructure levy scheme fees not realised £ 18k
 - Hire costs for additional refuse vehicle £ 19k
- 3.3 Major variances are highlighted at Appendix B. The current incomes from our major funding streams are shown at Appendix C, whilst current employee costs are shown at Appendix D.

4.0 Housing Revenue Account (HRA)

- 4.1 This is a ring-fenced account in respect of the Council's social housing function. Major variances and proposed corrective action are highlighted at Appendix F.
- 4.2 Appendix E shows that the reserve opening balance is £2,004k. A forecast underspend of £51k would increase the available balance to £2,055k.

4.3 The most significant items comprise:

- Solar panel income to be transferred to reserves – £168k
- Salary savings across a number of teams – £37k
- 0.4% shortfall in dwelling rents – £42k
- Increased contractor spend offset by adaptations work, resulting in a surplus - £35k

5.0 Major Repairs Reserve

5.1 The Major Repairs Reserve had a nil balance at 31 March 2014. This year's expenditure projects a closing balance of £307k before any slippage detailed in Appendix G.

6.0 Capital Programme

6.1 The status of this year's capital programme is shown at Appendix G.

6.2 Committed and Actual expenditure is currently £6,499k against a budgeted Capital Programme of £11,526k. (This has moved from £10,496k reported last month as the budget has been adjusted to reflect: the investment in recycling vehicles to which funding has been brought forward from 15/16 of MTFP £289k, projected spend on energy saving initiatives on our housing stock that is funded from the Renewable Energy Fund £270k, and also £471k revised budget in relation to Council House Building at St Andrews Street (please see para 6.2.1 below)).

6.2.1 The original Capital Programme included £1,029k for the delivery of 10 new Housing Revenue Account properties at St Andrews Street. This project has now been further enhanced and remodelled to enable the provision of 14 new units. The revised budget is now £1,500k; however it will receive £280k funding from the Homes and Communities Agency; which will therefore reduce the amount required to fund this project from the Housing Maintenance Fund.

6.3 Forecast underspends currently amount to £65k; £50k in relation the work associated with the new recycling premises which has been charged to Revenue and £15k in connection with the new Kiosk project for Customer Services, again that will be charged to revenue as it is under our £20k de minimis.

6.4 Forecast slippage into 2015/16 amounts to £635k at this point in time. This in the main relates to £465k in relation to major repairs of our council houses, £180k of this will be reprioritised next year and £285k in relation to Council House disabled facilities grants will be coded to a capital budget in private sector housing.

7.0 Capital Contingency Reserve

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

£k

Capital Earmarked Reserve at 1 April 2014	(963)
Funding required to support 2014/15 Capital Programme	647
Forecast Balance at 31 March 2015	(316)
	=====

8.0 Capital Receipts Reserve (Used to fund future capital programmes)

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

	£k
Unapplied Useable Capital Receipts at 1 April 2014	(835)
Net Receipts to date (includes 6 RTB's)	(123)
Current Balance	(958)
Forecast further capital receipts in year	(254)
Forecast Capital Receipts to be applied in year	816
Forecast Unapplied capital receipts c/fwd. 31 March 2015	(396)
	=====

- 8.2 In addition we are holding £236k at 1 April 2014 of useable Capital Receipts that are earmarked for new Council House building, each "Right to Buy" (RTB) sale will generate additional amounts to be added to this reserve.

9.0 Treasury Management

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

Interest Received:

	Budget	Forecast	Variance
	£k	£k	£k
Interest from HRA funding	(110)	(60)	50
Investment Income Received	(65)	(65)	0
Net Interest	(175)	(125)	50
	=====	=====	=====

10.0 Conclusion

- 10.1 Members are asked to note the revenue and capital forecasts for the financial year. It is quite clear that a number of our service areas are experiencing difficulty in achieving their budgeted income and costs in the current year. Indeed as this report now covers the first six months of the financial year it is almost certain that we will have overspent by March 2015. This is of concern for the future.
- 10.2 Looking ahead we will feed the current data into our budget compilation for 2015/16 and the medium term financial plan. Members will recall that further funding cuts are almost certain and therefore the service provision

status quo cannot remain. In due course Members will have to consider the impact of various scenarios that will reduce the net budget and enable a balanced budget to be set.

**Contact for more
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Circulation of the Report:

Cllr Neal Davey, Management Team

**GENERAL FUND
FINANCIAL MONITORING INFORMATION
FOR THE PERIOD 01 APRIL TO 30 SEPTEMBER 2014**

Appendix A

		2014/15 Annual Budget	Full Year Forecast Variation (Net of Trf to Earmarked Reserves (EMR))	Variance	
		£	£	%	
General Fund Summary			(0 = On budget)		
Cllr P H D Hare -Scott					
CM	Corporate Management	A	1,050,500	34,000	3.2%
LD	Legal & Democratic Services: Member/Election Services	B	545,760	40,000	7.3%
Cllr C J Eginton					
CP	Car Parks	C	(434,000)	44,000	10.1%
ES	Cemeteries & Public Health	D	(37,510)	11,000	-29.3%
GM	Grounds Maintenance	E	542,680	0	0.0%
ES	Open Spaces	F	156,900	14,000	8.9%
WS	Waste Services	H	2,400,260	257,000	10.7%
Cllr C R Slade					
CD	Community Development	I	419,900	(23,800)	-5.7%
ES	Environmental Services incl. Licensing	D	691,300	(25,500)	-3.7%
RS	Recreation And Sport	J	141,910	17,000	12.0%
Cllr N V Davey					
FP	Finance And Performance	K	631,520	(25,000)	-4.0%
RB	Revenues And Benefits	L	311,550	(117,000)	-37.6%
Cllr R L Stanley					
HG	General Fund Housing	M	309,900	(33,400)	-10.8%
ES	ES: Private Sector Housing Grants	D	110,460	0	0.0%
PS	Property Services	G	755,430	(24,000)	-3.2%
Cllr R J Chesterton					
PR	Planning And Regeneration	N	415,620	(22,000)	-5.3%
CD	Community Development: Markets	I	(21,910)	14,500	66.2%
Cllr B M Hull					
CS	Customer Services	O	797,360	3,500	0.4%
HR	Human Resources	P	421,690	24,000	5.7%
IT	I.T. Services	Q	913,660	(13,200)	-1.4%
LD	Legal & Democratic Services: Legal Services	B	187,150	12,000	6.4%
All Sections			10,310,130	187,100	1.8%
IE260	Interest Payable		8,110		0%
IE290	Interest Receivable		(175,000)	50,000	29%
Contribution to Capital Programme			125,000		
Net recharge to HRA			(1,205,890)		
Capital financing			122,520		
Other major Income and Expenditure movements					
EMR for Waste Services - recycling depot move				(65,000)	
Net 2014/15 General Fund Budgeted Expenditure			9,184,870		
Forecast in year (Surplus) / Deficit				172,100	
General Fund Reserve 01/04/14				(2,460,711)	
Forecast General Fund Balance 31/03/15				(2,288,611)	

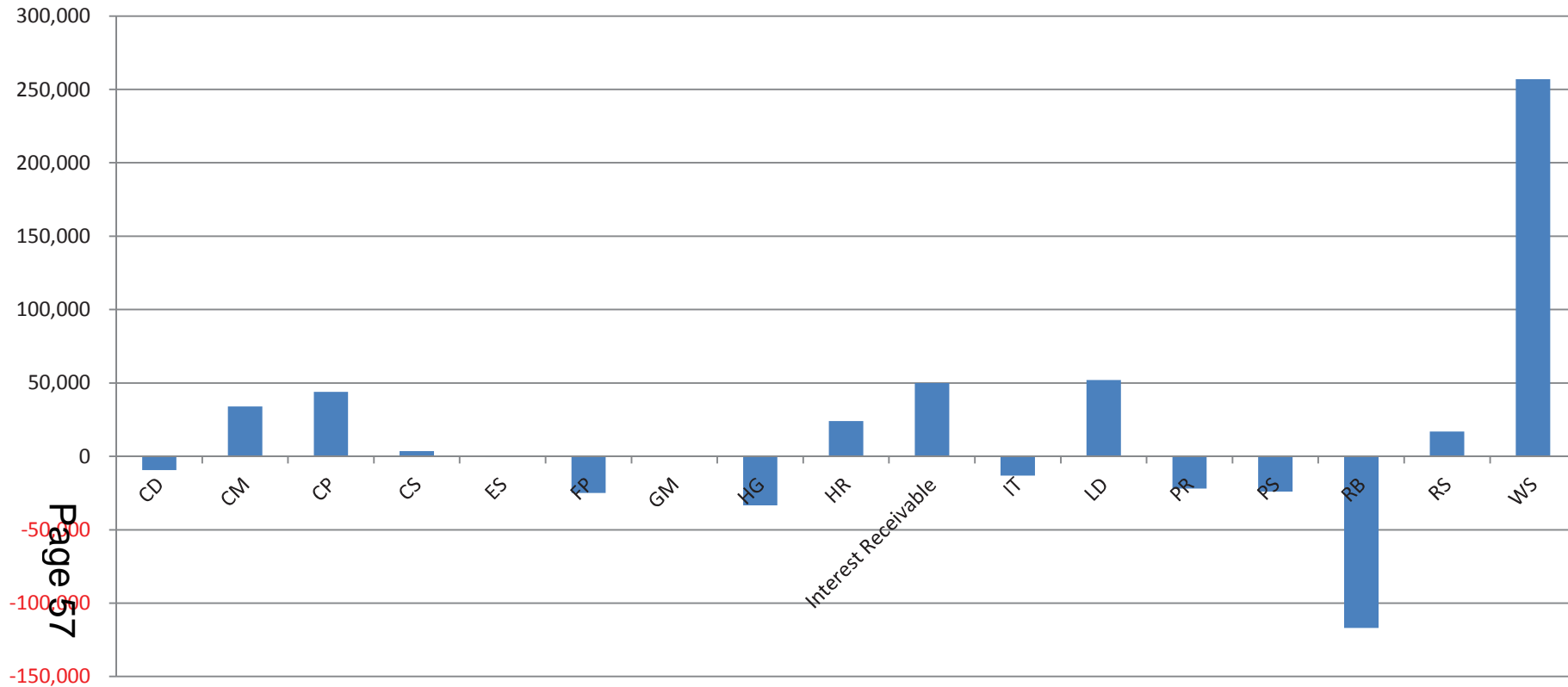
GENERAL FUND
FINANCIAL MONITORING INFORMATION
FOR THE PERIOD 01 APRIL TO 30 SEPTEMBER 2014

Appendix B

Note	Description of Major Movements	Comments	Full Year Forecast Variation (Net of Trf to EMR)	PDG
A	<u>Corporate Management</u>			
	Costs in relation to pension backfunding calculations provided by DCC's pension fund actuary.		34,000	Cabinet
			<u>34,000</u>	
B	<u>Legal & Democratic Services</u>			
	Increased salary costs -increased S106 work & maternity cover		20,000	Cabinet
	Costs of recruitment & appointment due to a retirement		7,000	Cabinet
	Consultancy for individual election registration (IER) - this is a worse case scenario as a claim will be submitted to the Cabinet Office for additional funding		40,000	Cabinet
	Increased income to date, may increase from additional S106 work		(15,000)	Cabinet
			<u>52,000</u>	
C	<u>Car Parks</u>			
	Early prediction of pay and display income not achieving budget.		22,000	MTE
	Night-time charging not expected to achieve income budget.		22,000	MTE
	Forecast is subject to change during the year.		<u>44,000</u>	
D	<u>Environmental Services combined</u>			
	Bereavement Services salary overspend due to restructure changes		11,000	MTE
	Environmental Enforcement salary savings due to vacant post & staff changes		(10,000)	CWB
	Environmental Health salary savings vacant posts		(10,000)	CWB
	Other sundry movements		(5,500)	CWB
			<u>(14,500)</u>	
E	<u>Grounds Maintenance</u>			
			0	
F	<u>Open Spaces</u>			
	Urgent repair to Queen Elizabeth park wall in Crediton		14,000	MTE
			<u>14,000</u>	
G	<u>Property Services</u>			
	Public Convenience savings due to TTC taking over 4 Tiverton PC's		(14,000)	MTE
	Vacant posts in Property Services		(10,000)	MTE
			<u>(24,000)</u>	
H	<u>Waste Services</u>			
	Predicted total cost of move to the new recycling depot - (£65k included in a 14/15 ear marked reserve)		70,000	MTE
	Loan repayment for the new recycling baler		19,000	MTE
	One off training and installation costs for the new recycling baler		20,000	MTE
	Cost of temporary members of staff in Refuse and Recycling		60,000	MTE
	Over-time and agency spend up in Refuse mostly due to additional rounds and catch-up		30,000	MTE
	Over-time and agency spend in Recycling due to sickness/holiday cover and move to new depot		35,000	MTE
	Hire and fuel costs for generators at Silverton Mill		20,000	MTE
	Rent at both Silverton Mill and the new depot		9,000	MTE
	Additional income for Glass - however price and demand can fluctuate		(40,000)	MTE
	Lease budget for refuse vehicles not required as vehicles purchased		(30,000)	MTE
	Overspend on fuel in Refuse as budget reduced in 14-15 for route optimisation		20,000	MTE
	Hire cost for additional Refuse vehicle		39,000	MTE
	Trade waste income forecast to be higher then budgeted		(10,000)	MTE
	Predicted increase in trade waste disposal charges		25,000	MTE
	Other sundry movements		(10,000)	MTE
			<u>257,000</u>	
I	<u>Community Development</u>			
	Salary savings, vacant post and uncovered maternity leave		(24,300)	CWB
	Market income not achieving target budget- proactive work is being carried out to try and rectify this		20,000	CWB
	Other sundry movements		(5,000)	CWB
			<u>(9,300)</u>	
J	<u>Recreation And Sport</u>			
	Salaries LMLC		10,000	CWB
	Maintenance overspend		5,000	CWB
	Other sundry movements		2,000	CWB
			<u>17,000</u>	
K	<u>Finance And Performance</u>			

	Salaries - uncovered maternity	(25,000) Cabinet
		<u>(25,000)</u>
L	<u>Revenues And Benefits</u>	
	Housing Benefit Subsidy	(72,000) CWB
	NNDR Charity Rate Relief not required under new NNDR scheme	<u>(45,000) CWB</u>
		<u>(117,000)</u>
M	<u>General Fund Housing</u>	
	Underspend on salaries due to unfilled post pending management restructure	(28,000) DAAH
	DCC funding for Youth Homelessness Post	(20,000) DAAH
	Grant funding - Red House for vulnerable young adults, currently being examined to see whether this in year overspend can be funded from ear marked reserves	14,600 DAAH
		<u>DAAH</u>
		<u>(33,400)</u>
N	<u>Planning And Regeneration</u>	
	Building Regulations fees under target / salary saving	20,000 CWB
	Development Control fees	(60,000) CWB
	CIL income not received	18,000 CWB
		<u>(22,000)</u>
O	<u>Customer Services</u>	
	Purchase of payment kiosk for reception area	15,000 CWB
	Postage	(6,000) CWB
	Other sundry movements	<u>(5,500) CWB</u>
		<u>3,500</u>
P	<u>Human Resources</u>	
	Income target for selling services not going to be achieved	17,000 Cabinet
	Increased salary costs due to JE	<u>7,000 Cabinet</u>
		<u>24,000</u>
Q	<u>I.T. Services</u>	
	Vacant post currently being filled by an apprentice, resulting in salary savings	<u>(13,200) Cabinet</u>
		<u>(13,200)</u>
	FORECAST (SURPLUS)/DEFICIT AS AT 31/03/15	<u>187,100</u>
	Cabinet	71,800
	CWB	(153,300)
	DAAH	(33,400)
	MTE	302,000
		<u>187,100</u>

2014/15 General Fund Projected Outturn Variance £



Page 57

Key

+ = Overspend / Income under target

- = Savings / Income above budget

CD	Community Development
CM	Corporate Management
CP	Car Parks
CS	Customer Services
ES	Environmental Services
FP	Finance and Performance
GM	Grounds Maintenance
HG	General Fund Housing
HR	Human Resources

Interest Receivable	
IT	
LD	Legal and Democratic
PR	Planning and Regeneration
PS	Property Services
RB	Revenues and Benefits
RS	Recreation and Sports
WS	Waste Services

GENERAL FUND
FINANCIAL MONITORING INFORMATION
FOR THE PERIOD 01 APRIL TO 30 SEPTEMBER 2014

Appendix C

	2014/15 Annual Budget	2014/15 Profiled Budget	2014/15 Actual	2014/15 Variance	Full Year Forecast Variation	Variance %
	£	£	£	£	£	%
PR1007101 Building Control Fees	(297,030)	(148,515)	(115,356)	33,159	50,000	-17%
PR2007101 Planning Fees	(672,000)	(336,000)	(470,394)	(134,394)	(60,000)	9%
PR2107201 Land Searches	(105,210)	(52,605)	(73,496)	(20,891)	(15,000)	14%
Car Parking Fees - See Below	(689,860)	(313,894)	(294,485)	19,410	44,000	-6%
Leisure Fees & Charges	(2,377,630)	(1,108,978)	(1,105,965)	3,013	0	0%
WS7107101 Trade Waste Income	(569,900)	(332,525)	(338,457)	(5,932)	(10,000)	2%
Licensing	(111,410)	(38,890)	(44,492)	(5,602)	(8,000)	7%
Market Income	(131,420)	(65,710)	(48,158)	17,552	20,000	-15%
	(4,954,460)	(2,397,117)	(2,490,803)	(93,686)	21,000	-0.4%

					Bud Income pa per space
				Spaces	
Pay and Display					
CP5407301 Beck Square,Tiverton	(80,500)	(40,250)	(39,041)	1,209	40 (2,013)
CP5407303 William Street,tiverton	(41,300)	(20,650)	(17,390)	3,260	45 (918)
CP5407305 Westexe South,Tiverton	(44,000)	(22,000)	(20,627)	1,373	51 (863)
CP5407306 Wellbrook Street,Tiverton	(13,900)	(6,950)	(6,306)	644	27 (515)
CP5407307 Market Street,Crediton	(37,600)	(18,800)	(16,552)	2,248	39 (964)
CP5407308 St Saviours Way,Crediton	(40,400)	(20,200)	(25,173)	(4,973)	190 (213)
CP5407309 Station Road,Cullompton	(23,000)	(11,500)	(11,054)	446	112 (205)
CP5207322 Multistorey,Tiverton	(90,800)	(45,400)	(49,235)	(3,835)	631 (144)
CP5107327 Market Car Park,Tiverton	(186,800)	(93,400)	(96,056)	(2,656)	122 (1,531)
CP5407329 Phoenix House,Tiverton	(5,000)	(2,500)	(1,908)	592	15 (333)
Additional Income 14/15	(44,000)	(22,000)	0	22,000	0 0
	(607,300)	(303,650)	(283,341)	20,309	1,272 (7,698)
CP5407311 Season Tickets	(31,500)	(2,087)	(2,087)	0	
CP5407317 Residents Parking	(9,110)	(1,134)	(1,134)	0	
CP5407319 Business parking	(9,000)	(174)	(203)	(29)	
CP5407328 Town Hall,Tiverton	0	0	(1,005)	(1,005)	
CP5107323 Other Income	(32,950)	(6,850)	(6,715)	135	
	(689,860)	(313,894)	(294,485)	19,410	
CP5404612 Standard Charge Notices (Off Street)	(22,000)	(11,000)	(12,423)	(1,423)	

GENERAL FUND
FINANCIAL MONITORING INFORMATION
FOR THE PERIOD 01 APRIL TO 30 SEPTEMBER 2014

Appendix D

	2014/15 Annual Budget £	2014/15 Profiled Budget £	2014/15 Actual £	2014/15 Variance £
<u>Total Employee Costs</u>				
General Fund				
Community Development	255,140	127,570	102,609	(24,961)
Corporate Management	814,520	407,260	422,768	15,508
Customer Services	670,660	335,330	321,694	(13,636)
Environmental Services	923,530	461,765	428,437	(33,328)
Finance And Performance	587,280	293,640	277,849	(15,791)
General Fund Housing	186,890	93,445	74,175	(19,270)
Grounds Maintenance	417,410	208,705	197,431	(11,274)
Human Resources	292,870	146,435	159,039	12,604
I.T. Services	529,450	264,725	241,052	(23,673)
Legal & Democratic Services	370,940	185,470	206,518	21,048
Planning And Regeneration	1,420,670	710,335	684,482	(25,853)
Property Services	316,090	158,045	141,328	(16,717)
Recreation And Sport	1,476,980	738,490	766,665	28,175
Revenues And Benefits	682,780	341,390	350,198	8,808
Waste Services	1,703,400	851,700	883,535	31,835
	<u>10,648,610</u>	<u>5,324,305</u>	<u>5,257,779</u>	<u>(66,526)</u>
Housing Revenue Account				
BHO09 Repairs And Maintenance	947,660	473,830	459,084	(14,746)
BHO10 Supervision & Management	1,315,080	657,540	607,686	(49,854)
BHO11 Special Services	230,340	115,170	106,355	(8,815)
	<u>2,493,080</u>	<u>1,246,540</u>	<u>1,173,125</u>	<u>(73,415)</u>
Total	£ 13,141,690	£ 6,570,845	£ 6,430,904	£(139,942)

	2014/15 Annual Budget £	2014/15 Profiled Budget £	2014/15 Actual £	2014/15 Variance £
<u>Agency Staff</u>				
General Fund				
CD1702 Car Parks	0	0	0	0
CM1702 Community Development	0	0	0	0
CP1702 Corporate Management	0	0	0	0
CS1702 Customer Services	0	0	5,382	5,382
ES1702 Environmental Services	0	0	0	0
FP1702 Finance And Performance	0	0	0	0
HG1702 General Fund Housing	0	0	0	0
GM1702 Grounds Maintenance	5,000	2,500	0	(2,500)
HR1702 Human Resources	0	0	0	0
IT1702 I.T. Services	0	0	0	0
LD1702 Legal & Democratic Services	0	0	6,259	6,259
PR1702 Planning And Regeneration	0	0	0	0
PS1702 Property Services	0	0	0	0
RS1702 Recreation And Sport	0	0	0	0
RB1702 Revenues And Benefits	0	0	(0)	(0)
WS1702 Waste Services	30,000	15,000	30,677	15,677
	<u>35,000</u>	<u>17,500</u>	<u>42,317</u>	<u>24,817</u>
Housing Revenue Account				
BHO09 BHO09 Repairs And Maintenance	2,000	1,000	0	(1,000)
BHO10 BHO10 Supervision & Management	0	0	2,465	2,465
BHO11 BHO11 Special Services	0	0	0	0
	<u>2,000</u>	<u>1,000</u>	<u>2,465</u>	<u>1,465</u>

HOUSING REVENUE ACCOUNT
FINANCIAL MONITORING INFORMATION
FOR THE PERIOD 01 APRIL TO 30 SEPTEMBER 2014

Appendix E

Housing Revenue Account (HRA)			2014/15 Annual Budget Notes £	2014/15 Actual £	Forecast Variance £	Variance %
BHO01	BHO01 Dwelling Rents	A	(12,466,560)	(6,731,535)	42,000	-0.3%
BHO02	BHO02 Non Dwelling Rents	B	(525,060)	(278,884)	6,000	-1.1%
BHO03	BHO03 Warden Services	C	(329,080)	(82,783)	20,000	-6.1%
BHO04	BHO04 Leaseholders' Service Charges	D	(13,500)	0	0	0.0%
BHO05	BHO05 Contributions Towards Expenditure	E	(35,300)	(18,530)	0	0.0%
BHO06	BHO06 Community Alarms	F	(133,930)	(89,760)	(3,000)	2.2%
BHO06b	BHO06B Miscellaneous Income	G	(19,000)	(37,238)	(168,000)	884.2%
BHO07	BHO07 H.R.A. Investment Income	H	(41,000)	0	0	0.0%
BHO09	BHO09 Repairs And Maintenance	I	2,647,920	1,312,911	(35,000)	-1.3%
BHO10	BHO10 Supervision & Management	J	1,800,000	809,749	(37,000)	-2.1%
BHO11	BHO11 Special Services	K	382,970	160,455	(17,000)	-4.4%
BHO17	BHO17 Bad Debt Provision	M	25,000	0	0	0.0%
BHO18	BHO18 Share Of Corporate And Democratic Services	N	181,600	64,463	0	0.0%
BHO20	BHO20 Interest Payable	O	2,812,000	(14,171)	0	0.0%
BHO23	BHO23 Capital Costs and Transfers to Reserves	P	145,580	0	0	0.0%
	Solar Panel expenditure funded from reserve				(27,000)	
	Solar Panel income transferred to reserves				168,000	
			(5,568,360)	(4,905,323)	(51,000)	-0.9%
Net recharge to HRA			1,205,890			
Capital Charges			2,186,490			
Statutory Annual Accounting Adjustments			(2,186,490)			
Contribution to / (from) earmarked reserves			4,362,470			
Net Housing Revenue Account Budget			0			
				£k		
Total HRA reserve as at 01/04/14				(2,004)		
Forecast variance for the year (see above)				(51)		
Forecast HRA reserve as at 31/03/15				(2,055)		

Housing Maintenance Fund	£k
Opening balance	(4,252)
Reserve utilised for capital works	1,500
Budgeted transfer to reserves	(2,324)
Forecast closing balance	(5,076)

Renewable Energy Fund	£k
Opening balance	(345)
Expenditure forecast for this year	297
Income forecast for this year	(168)
Forecast closing balance	(216)

**HOUSING REVENUE ACCOUNT
FINANCIAL MONITORING INFORMATION
FOR THE PERIOD 01 APRIL TO 30 SEPTEMBER 2014**

Appendix F

Page 61

Note Description of Major Movements		Corrective Action	Forecast Variance £
A	0.4% shortfall in dwelling rents so far	None	42,000
B	Garage rent shortfall	None	6,000
C	New Learning Disability contract arrangements generating less than budgeted	Service Manager in discussion with Devon County Council	20,000
D	None	N/A	0
E	None	N/A	0
F	Minor variance	N/A	(3,000)
G	This reflects the income relating to the Solar Panel scheme	N/A	(168,000)
H	None	N/A	0
I	Increased contractor spend in order to meet the performance standards the service has set itself is offset by additional work carried out on adaptations.	N/A	(35,000)
J	Several staffing savings across a number of teams.	N/A	(37,000)
K	Staffing savings arising from new structure.	N/A	(17,000)
O	None	N/A	0
TOTAL			(192,000)

**MID DEVON DISTRICT COUNCIL
MONITORING OF 2014/15 CAPITAL PROGRAMME**

Appendix G

Code	Scheme	Adjusted approved Capital Programme 2014/15 £	Actual Expenditure £	Committed Expenditure £	Total £	Variance to Adj Capital Programme £	Forecast (Underspend)/ Overspend £	Forecast Slippage to 15/16 £	Notes
	<u>Leisure</u>		0						
	<u>Lords Meadow Leisure Centre</u>		0						
CA618	Lords Meadow All Weather Pitch	38,000	0	9,125	1,298	10,423	(27,577)		
	<u>Exe Valley Leisure Centre</u>		0						
CA622	Additional Car parking provision	18,000	0	39,317	5,294	44,612	26,612		
	<u>General Car parks</u>		0						
CA709	MSCP improvements	50,000	0	(6,144)	0	(6,144)	(56,144)		
	<u>Other MDDC Buildings</u>		0						
CA403	Town Hall Redevelopment Project	47,000	0	0	1,545	1,545	(45,455)		
CA811	Associated works to new recycling premises '16 shop'	50,000	0	0	0	0	(50,000)	(50,000)	The costs associated with this move are revenue in nature & are therefore coded there direct, however they will be met by an earmarked reserve.
	<u>Play Areas</u>		0						
CA616	Tiverton skate park replacement - end of life	27,000	0	20,590	5,960	26,550	(450)		
CA608	Play area refurbishment - Newcombes Meadow, Crediton	114,000	0	0	0	0	(114,000)		Order due to be imminently raised in respect of this project
	<u>Other</u>		0						
CA331	Public Convenience- Lowman Green, Tiverton remodel for kiosk subject to payback period	60,000	0		0	0	(60,000)	60,000	This project will now be completed during 15/16
CA332	Public Convenience- The Green, Crediton remodel for drying room following loss of	20,000	0		0	0	(20,000)		
CA320	Lords Meadow Depot	50,000	0	42,495	1,090	43,585	(6,415)		
	<u>ICT</u>		0						
CA426	HR/Payroll system	3,000	0	8,266	14,529	22,795	19,795		
CA423	Continued replacement of WAN/LAN	60,000	0	0	0	0	(60,000)		
CA425	Server Farm expansion/upgrades	70,000	0	0	0	0	(70,000)		
CA433	Unified comms /Telephony/Customer 1st	70,000	0	0	0	0	(70,000)	(15,000)	Note Kiosk project will be circa £15k & therefore coded to Revenue, the total cost for this project will therefore be revised to £55k.
CA436	Web Transformation	55,000	0	15,782	6,659	22,442	(32,558)		
CA437	Digital Transformation	89,000	0	(6,680)	6,680	0	(89,000)		
CA438	Digital Transformation - Customer Portal	45,000	0	0	0	0	(45,000)		
CA439	Mobile Working inc members	40,000	0	0	0	0	(40,000)		
CA440	Finance Cash receipting upgrade	30,000	0	0	1,095	1,095	(28,905)		
CA442	Arc Server Spatial	40,000	0	0	0	0	(40,000)		
	<u>Economic Development</u>		0						
CA504	Schemes as yet to be identified	170,000	0	0	0	0	(170,000)		
CA505	Pannier Market (conversion of pig pens into units and walkway cover)	110,000	0	0	0	0	(110,000)	110,000	The project to deliver the Market Roof is likely to occur in 15/16 with a project cost of circa £250k with £140k funding from external sources
	<u>Replacement Vehicles</u>		0						
	<u>Refuse Collection</u>		0						
CA814	Dennis Eagle Terberg RCV 22-26t (or equivalent)	160,000	0	0	0	0	(160,000)		This spend will be linked to decisions that need to be made in relation to Waste scheme due to go live in 15/16
	<u>Recycling</u>		0						
CA815	5 No. Dennis Eagle Terberg Recycling Kerb loader 18t (or equivalent)	789,000	0	0	791,990	791,990	2,990		10 vehicles to be purchased in Jan'15. £325k was in MTFP for 15/16 but this spend has been brought forward as a requirement to deliver the service but also to get the best possible price on acquisition. This will be funded from a combination of New Homes Bonus & existing vehicle reserves.
CA816	1 No. very narrow access Cabstar recycling kerb loader 4.5t	65,000	0	0	0	0	(65,000)		This is likely to happen between Jan & Mar '15 - Quote required as specialist vehicle
CA818	Kerb side Recycling Baler	163,000	0	162,664	0	162,664	(336)		Total cost £183k, £20k installation & training to Revenue
CA506	30 - 32 Fore Street	689,000	0	688,659	0	688,659	(341)		

		<u>Private Sector Housing</u>	3,122,000	0	974,075	836,141	1,810,215	(1,311,785)	(65,000)	170,000	
			0	0							This sum of £1.142k has been placed in an Earmarked Reserve which will be released over the life of MTFP (15/16 to 18/19) which will be presented at 30/10/14 Cabinet. There is also a Budget in CA100 below to deal with the backlog of Council House DFG's. Any spend over & above this £285k budget will be coded to CA100.
		Slippage from 2013/14 to be prioritised	0	0			0	0			
CG200		Disabled Facilities Grants - Mandatory - Council Houses *	285,000	0		165,515	165,515	(119,485)			
CG201		Disabled Facilities Grants - Mandatory - Private Sector *	450,000	0	237,899	171,751	409,650	(40,350)			
CG202		Houses in Multiple Occupation Grants		0		4,072	4,072	4,072			
CG203		Home Repair Assisted Grants		0		606	606	606			
CG205		House Renovation Grants		0		752	752	752			
CG208		Loans Scheme (Wessex Re-Investment Trust)	0	0			0	0			
CG209		DFG's Discretionary - C Houses		0			0	0			
CG210		Common Parts Grants		0			0	0			
CG211		Empty Homes	100,000	0			0	(100,000)			
CG215		Work in Default / Discretionary Grants	0	0			0	0			
			0	0							
			0	0							
	*	Please note where possible commitments are raised on the Finance Ledger. Currently the total commitment underspend includes underspent budgets on Private Tenant & Council House DFG's amounting to % Commitments include all approved grants. The timing of when these are drawn down is dependent on the	0	0							
			0	0							
			835,000	0	237,899	342,696	580,595	(254,405)	0	0	
CA200		<u>Assistance to RSLs (Affordable Housing)</u>	0	0							
		Affordable Housing	317,000	0	9,731	0	9,731	(307,269)			
			317,000	0	9,731	-	9,731	(307,269)	0	0	
CA100	Page 63	<u>Housing Revenue Account</u>	0	0							In the main this relates to £180k which will be reprioritised in 2015/16. Also a budget of £350k for Council House DFG's will be underspent by £285k due to the fact there is provision on CG200 above. (see note above) This spend will be in relation to Air Source Heat Pumps & Wall Insulation Original Budget for 10 units - scheme amended to 14 units therefore budget revised to £1.5m. £280k funding from HCA following successful funding bid. Forecast completion date July'15. Circa £80k (to date) of demolition costs included in the contract will be charged on to McCarthy Stone per agreement £120k funding from HCA following successful funding bid. Forecast completion date Feb'15 Purchase of previously sold RTB, added to Housing stock
CA102		Major Repair Allowance (MRA), Major Works 30 Yr Plan & Decent Homes Backlog Funding	4,393,000	0	1,024,414	2,017,436	3,041,850	(1,351,150)		465,000	
CA111		Sewerage Treatment Facilities	61,000	0	(1,328)	4,205	2,877	(58,123)			
CA112		Renewable Energy Fund Spend	270,000	0	86,495	0	86,495	(183,505)			
		Birchen Lane - re development of unit for housing conversion	180,000	0	4,395	955	5,350	(174,650)			
CA113		Council House Building - St Andrews Street	1,500,000	0	197,431	16,258	213,689	(1,286,311)			
CA114		Council House Building - Fir Close Willand	691,000	0	208,303	427,691	635,994	(55,006)			
CA115		Housing Server replacement & Progress upgrade	20,000	0	0	0	0	(20,000)			
CA116		Westex South Shops - Walkway and flat roofs on shops	25,000	0	0	0	0	(25,000)			
CA118		11 Authurs Heights	112,000	0	112,000	0	112,000	0			
			7,252,000	0	1,631,710	2,466,545	4,098,255	(3,153,745)	0	465,000	
			0	0							
		CAPITAL PROGRAMME GRAND TOTAL	11,526,000	0	2,853,415	3,645,383	6,498,797	(5,027,203)	(65,000)	635,000	

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**DECENT & AFFORDABLE HOMES PDG
ITEM:
25 NOVEMBER 2014**

AGENDA

HRA MEDIUM TERM FINANCIAL PLAN 2015-2019

Cabinet Member Cllr Peter Hare-Scott Davey, Cllr Ray Stanley
Responsible Officer Head of Finance, Head of Housing

Reason for Report: This report provides an estimate of the budget required for the operation of the Housing Revenue Account (HRA) from 2015/16-2018/19.

RECOMMENDATION: That the PDG note the content of 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.

1.0 Introduction

- 1.1 The Finance and Housing officers have now collated a draft budget for 2015/16 which proposes a balanced budget position, shown as part of a separate report at this meeting.
- 1.2 Further to this, the Heads of Housing and Finance have agreed assumptions for the forthcoming years, in order to determine a reasonable idea of what the financial position of the Housing Revenue Account (HRA) will be.

2.0 Medium Term Assumptions

- 2.1 The largest number in the HRA is the dwelling rent figure. Central government play a significant role in determining what this will be. They have stated that social housing rents across the country should have reached a higher level than they have (known as Formula Rent).
- 2.2 They have set a target of the forthcoming year, 2015/16, for convergence with this rent, meaning above-inflation increases are necessary until then. This will bring councils into line with housing associations and deliver greater rent level consistency across the social housing sector.

- 2.3 The Government are proposing changes to the basis of calculation for social rent. In order to meet this, the forthcoming rent increase should be in line with the Retail Price Index (RPI) plus 0.5%, as well as an additional amount to close the existing rent gap. It is assumed that increases will be in line with the Consumer Price Index (CPI) plus 1.0% from 2016/17 onwards. An assumption has been made that RPI will average 3% per annum and CPI 2.5% over the course of the period.
- 2.4 The Warden service will cease to operate from April 2015 onwards, leaving only the small Learning Disabilities Warden contract in operation. Income for this service is set to be approximately £31k per annum according to current levels.
- 2.5 Other areas of income, such as garage rents, shop rents, service charges and community alarms, are expected to remain at current levels. This is because these areas have seen customer numbers fall when fees are increased, so price rises tend to be small incremental changes or not at all.
- 2.6 The operational costs of the repairs & maintenance and housing management functions are expected to rise in line with RPI.
- 2.7 Special Services (warden and alarm services) will shrink from April when the Warden service ceases to operate. From then on, levels of income and expenditure are expected to remain steady.
- 2.8 Since the annual debt repayments are now a known quantity, we are able to predict these into the medium term and beyond with some certainty. The only expected increase here will be if further debt is taken on to fund large scale projects.
- 2.9 Recharges between the General Fund and HRA are yet to be finalised, but overall the position between the HRA and the General Fund has been assumed as increasing in line with estimated salary growth.

HRA Reserve

- 2.10 It is anticipated that the HRA reserve balance will stand at approximately £2m at the beginning of 2015/16. 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 2018/19.
- 2.11 The work identified in the most recent stock condition survey means that there will be increased pressure on the HRA reserve over the coming years. Managers will need to invest time in business planning and strategy in order to meet the funding demands of the work identified.
- 2.12 In an effort to address this need, an amount is to be invested in an earmarked reserve for the long term maintenance of the properties (the

Housing Maintenance Fund). 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 2015/16, also presented at this meeting, describes the following issues.

- Welfare Reform
- Supported Housing
- Building New Social Housing (subject to the cap on debt)

3.2 Clearly, the above list indicates a number of significant uncertainties 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 The feedback from this meeting will be noted when preparing the final budget proposals, to be brought before this group on 20/01/15.

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Background Papers:	None
File Reference:	None
Circulation of Report:	Management Team

HRA Medium Term Financial Plan 2015-2019

Code	Service area	2014/15	2015/16	2016/17	2017/18	2018/19
BHO01	Dwelling Rents	(12,466,560)	(12,803,270)	(13,251,384)	(13,715,183)	(14,195,214)
BHO02	Non Dwelling Rents	(525,060)	(528,910)	(528,910)	(528,910)	(528,910)
BHO03	Warden Income	(329,080)	(30,980)	(30,980)	(30,980)	(30,980)
BHO04	Leaseholders' Service Charges	(13,500)	(13,090)	(13,090)	(13,090)	(13,090)
BHO05	Contributions Towards Expenditure	(35,300)	(34,970)	(34,970)	(34,970)	(34,970)
BHO06	Community Alarms Income	(133,930)	(138,170)	(138,170)	(138,170)	(138,170)
BHO06B	Miscellaneous & Solar Panel Income	(19,000)	(169,000)	(169,000)	(169,000)	(169,000)
BHO07	H.R.A. Investment Income	(41,000)	(40,000)	(42,000)	(44,100)	(46,305)
BHO09	Repairs And Maintenance	2,647,920	2,869,820	2,955,915	3,044,592	3,135,930
BHO10	Supervision & Management	1,800,000	1,960,580	2,019,397	2,079,979	2,142,379
BHO11	Special Services	382,970	178,700	184,061	189,583	195,270
BHO17	Bad Debt Provision Movement	25,000	25,000	26,000	50,000	75,000
BHO18	Share Of Corporate And Democratic	181,600	202,890	206,948	211,087	215,308
BHO20	Interest Payable	2,812,000	1,467,790	1,467,790	1,467,790	1,467,790
BHO22	H.R.A. Transfers between earmarked reserves	0	125,000	125,000	125,000	125,000
BHO23	Revenue Contribution to Capital	145,580	128,400	50,000	74,000	50,000
	Contribution to Housing Maintenance Fund		2,113,170	2,364,011	2,491,074	2,673,034
	TOTAL	(5,568,360)	(4,687,040)	(4,809,383)	(4,941,298)	(5,076,928)

Assumptions

Dwelling rent increase in line with Social Rent Policy expectations

Non-dwelling rents to remain at current levels

Learning Disability service to remain constant

Leaseholder service charges to remain at current levels

Contributions Towards Expenditure to remain at current levels

Community Alarms Income to remain at current levels

Miscellaneous & Solar Panel Income to remain at current levels

Investment income to grow as balances grow

Repairs And Maintenance costs to increase in line with RPI

Supervision & Management costs to increase in line with RPI

Special Services costs to increase in line with RPI

Bad debt provision to grow if Universal Credit implemented

Pension related costs to increase by 2%

Debt repayments to remain at current levels

Solar Panel income transferred to Renewable Energy Fund

Revenue contribution to capital based on known projects

Used to meet the funding gap in the long term

RPI to average 3.0% per annum, CPI 2.5%

5000	Recharges	1,205,890	1,217,950	1,236,220	1,260,940	1,286,160
6000	Capital Charges	4,362,470	3,469,090	3,573,163	3,680,358	3,790,768
	TOTAL	5,568,360	4,687,040	4,809,383	4,941,298	5,076,928

	TOTAL	0	0	0	0	0
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**DECENT AND AFFORDABLE HOMES PDG
25 NOVEMBER 2014:**

AGENDA ITEM: 9

PERFORMANCE AND RISK REPORT FOR THE FIRST TWO QUARTERS OF 2014-15

Cabinet Member Cllr Ray L Stanley
Responsible Officer Head of Communities & Governance

Reason for Report: To provide Members with an update on performance against the corporate plan and local service targets for 2014/15 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.

1.0 Introduction

- 1.1 Appendix 1 provides Members with details of performance against the Corporate Plan and local service targets for the 2014-15 financial year.
- 1.2 Appendix 2 shows the section of the Corporate Risk Register which relates to the Housing Portfolio.
- 1.3 Both appendices reflect the changes suggested by the Scrutiny Working Group and both are produced from SPAR, the corporate Service Performance and Risk Management system.

2.0 Performance

- 2.1 All Repairs PIs are either at or above target meaning that performance continues to be good with void times coming down significantly from 17 days for 2013-14 to 14 days for the first 6 months of 2014-15.
- 2.2 Rent Collection performance is very good with both PIs above target.

3.0 Risk

3.1 The Corporate risk register has been reviewed by Management Team (MT) and updated. Risk reports to committees include risks with a total score of 15 or more and all those with an impact score of 5. (See Appendix 2)

3.2 The profile of these risks for Housing Services for this quarter is:

Impact	5	1				
	4					
	3					
	2					
	1					
		1	2	3	4	5

Likelihood

3.3 This report does not at present show target levels for risks set by MT, which is the tolerance level for each risk, however these are shown in the individual risk entries on SPAR where applicable.

3.4 As Service Business Plans for 2014-15 are approved any risks identified which meet the above criteria for inclusion will be added to the corporate risk register.

4.0 Conclusion and Recommendation

4.1 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.

Contact for more Information: Amy Tregellas, Head of Communities & Governance ext 4246

Circulation of the Report: Management Team and Cabinet Member

DAH PDG Performance Report - Appendix 1

Quarterly report for 2014-2015

No headings

For Decent and Affordable Homes - Cllr Ray Stanley Portfolio

For MDDC - Services

Filtered by Performance Status: Exclude PI Status: Data not due, Not calculable

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target
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DAH PDG Performance Report - Appendix 1

Performance Indicators								
Status	Title	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
Well below target	<u>Deliver 15 homes per year by bringing Empty Houses into use</u>	16	15	8 (2/4)	2	6		
Management Notes: (Quarter 2) Resources for delivery of this target need to be re-examined. Limited work is carried out by the PSH Lead officer as the Empty Homes delivery role has been stripped out of the PSH resource following various restructuring. This will need to be considered during the review of the current Empty Homes Strategy and Action Plan which runs out in March 2015 (HS)								
Well below target	<u>Number of affordable homes delivered (gross)</u>	68	80	40 (2/4)	0	4		
Management Notes:								
On target	<u>% Emergency Repairs Completed on Time</u>	99.74%	100.00%	100.00% (6/12)	100.00%	100.00%		
Management Notes:								
On target	<u>% Urgent Repairs Completed on Time</u>	100.00%	100.00%	100.00% (6/12)	100.00%	100.00%		
Management Notes:								
On target	<u>% Routine Repairs Completed on Time</u>	99.96%	100.00%	100.00% (6/12)	100.00%	100.00%		
Management Notes:								
Above target	<u>% Repairs Completed at First Visit</u>	99.86%	99.90%	99.90% (6/12)	100.00%	100.00%		
Management Notes:								
Well above target	<u>Ratio of expenditure between planned and responsive repairs</u>	76.24	70.30	70.30 (2/4)	81.19	82.18		
Management Notes:								
Above target	<u>Rent Collected as a Proportion of Rent Owed</u>	100.66%	100.50%	100.50% (6/12)	98.09%	100.82%		
Management Notes:								
Well above	<u>Rent Arrears as a Proportion of Annual</u>	0.72%	1.00%	1.00% (6/12)	1.11%	0.47%		
Management Notes:								

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Print Date: Friday, November 07, 2014
14:36

DAH PDG Performance Report - Appendix 1

Performance Indicators								
Status	Title	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
target	<u>Rent Debit</u>							
Management Notes:								
Well below target	<u>% Decent Council Homes</u>	83.45%	100.00%	100.00% (6/12)	81.55%	89.20%		
Management Notes: (October)								
As at the end of September 147 properties had been completed with £400k of the back log funding.								
(NS)								
Below target	<u>% Properties With a Valid Gas Safety Certificate</u>	100.00%	100.00%	100.00% (6/12)	99.91%	99.72%		
Management Notes: (October)								
A bad month for instances of non-compliance, caused by a combination of poor administration in the main offices that issue the appointment letters and MDDC tenants not keeping appointments. All are now in the process of enhanced efforts to gain access. 2 are at the Administrator stage (Stage 3) the remainder require additional input from the contractor and MDDC before we can safely progress them to a higher level of intervention. The hope is to gain access before the need to take further (Legal) action.								
(WD)								
Well below target	<u>Average Days to Re-Let Local Authority Housing</u>	19.9days	17.0days	17.0days (6/12)	20.0days	22.6days		
Management Notes: (October)								
We have now divided the time spent in Housing Needs into lettable and un-lettable days. The un-lettable days relate to the period between when the keys are returned from Repairs and the following Monday, as Monday is the first day a property can be let. In September there were 2 days "un-lettable "time with Housing Needs.								
(MP)								
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DAH PDG Risk Management Report - Appendix 2

Report for 2014-2015

For Housing - Cllr Ray Stanley Portfolio

Filtered by Flag: Include: * CRR 5+ / 15+

For MDDC - Services

Not Including Risk Child Projects records or Mitigating Action records

Key to Performance Status:

Risks: **No Data (0+)**

High (15+)

Medium (5+)

Low (1+)

DAH PDG Risk Management Report - Appendix 2

Risk: Asbestos Health risks associated with Asbestos products such as lagging, ceiling/wall tiles, fire control.

Effects (Impact/Severity):

Causes (Likelihood):

Service: Housing Services

Current Status:
Medium (5)

Current Risk Severity: 5 -
Very High

Current Risk Likelihood: 1 -
Very Low

Head of Service: Nick Sanderson

Review Note: Following recent events procedures have been scrutinised and recommendations from the HSE are in the process of being implemented.

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07, 2014 12:29

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Item 10

REPORT of the DEVON HOME CHOICE PROJECT GROUP to the DECENT & AFFORDABLE HOMES POLICY DEVELOPMENT GROUP

1. Devon Home Choice

The Council is a member of the Devon Home Choice (DHC) partnership. All the local authorities in the County work with the registered providers of social housing to allocate available homes through DHC, which is a choice based lettings scheme.

Applicants apply to the Council to have their housing needs assessed. They are then categorised into bands which run from Band A, for those in high need of emergency housing, to Band E, which is the band used for those who have no housing need (although this band also includes those who are adequately housed but who are on low incomes). Applicants bid for homes and it is likely that the one with the highest priority, who has been waiting the longest, will receive an offer. If the applicant with highest priority refuses the offer, the DHC team will go to the next case on the short-list. In Mid Devon, in June 2014, 57% of those people on the housing register had been assessed as being in Band E.

The DHC scheme is now reviewed on an annual basis and the latest review commenced on 6 November 2014.

2. The Rationale for Setting up the Project Group

The Localism Act 2011 gave local authorities more freedom to decide who should be able to go on the waiting list for social housing in their areas. It allows them to take account of local priorities when deciding who should be able to apply for a new home. Whilst they still have to house those who are vulnerable and in great housing need, they can decide not to house those who have no housing need.

Over the last few months, the DHC scheme has been adapted by some local authorities to meet local needs in their areas. At the end of December 2013, the government issued statutory guidance on the provision of social housing for local people. The guidance gives local authorities the ability to prioritise applicants who can demonstrate a close association with their local area by adopting a residency requirement. 2 years is suggested as a reasonable period of residency in the guidance. Torbay has introduced a local connection test as part of the qualification criteria applicants must now have lived in Torbay for 5 years in order to qualify. In addition, Torbay and Teignbridge have exercised their right to remove Band E altogether and Exeter City Council has recently undertaken a consultation relating to proposed changes to the DHC scheme.

Local authorities may also give priority to people who have made a community contribution.

The group was appointed by the Decent and Affordable Homes Policy Development Group (PDG) to consider whether or not to amend the DHC scheme in Mid Devon. In particular, the PDG had sought from the Group recommendations relating to whether or not Band E should be retained in the District. However, other potential changes were also to be considered.

3. Members of the Group

Councillors PJ Heal, Mrs JR Rendle and PF Williams were chosen to sit on the group by the PDG. Councillor R Stanley, Cabinet Member for Housing, attended some meetings as did Mr N Sanderson, Head of Housing & Property Services; Mrs CE Fry, Housing Services Manager; and Mr MK Parker, Housing Options Manager.

4. Evidence considered

- The Working Group was signposted to the DHC website for reference and also provided with a link to the Council's own allocations policy.
- Members of the Working Group were provided with a copy of a presentation given by the Housing Services Manager at a seminar about rural housing issues on 25 July 2014 and feedback on the general themes which had emerged during the seminar. This event had been arranged by Hastoe Housing Association to commemorate the opening of a new housing scheme in Hemyock. The new homes had been developed in association with a community land trust. A lively debate followed the presentation where issues relating to DHC were raised. In particular, several speakers said that they felt that small schemes in villages should be available to local people on low incomes and that this could sometimes conflict with the way in which the DHC scheme worked. They urged the Council to retain Band E in order to ensure that those people with local connections could be housed in their own communities to support rural sustainability.
- Members of the Working Group were provided with a copy of a presentation used at the Council's Annual Housing Event on 30 July 2014. Councillor Heal attended this event to meet with representatives from a number of registered providers (RPs) which work in the District. He engaged in some discussion regarding possible changes to the DHC scheme at the meeting. In accordance with the partnership arrangements relating to the DHC scheme, consultation with the RPs must be undertaken if any changes are being considered.
- The Working Party also received presentations from Mr R Warren, Devon Home Choice Co-ordinator, and Mrs S Southwell, one of the Rural Housing Enablers.

- It reviewed information provided by:
 - Torbay Council
 - Sanctuary Housing, which is the RP with the largest holding of stock in the Torbay Council area
 - Teignbridge District Council
 - Mr D Boobier of East Devon District Council, who is also the Chair of the DHC Management Board
- The Working Party also reviewed the report which was discussed at Exeter City Council's Executive on 15 July 2014.

5. Conclusions

- The evidence considered did not imply that the advantages to removal were certain in anyway.
- If Band E was to be removed, the Officers would still have to deal with the same number of initial enquiries and applications.
- Some people were in 'financial need' not necessarily in 'housing need', this must be factored in.
- With regard to the removal of Band E at Teignbridge District Council, it was noted that Officers felt that there could be a number of reapplications from people, who were originally refused, reapplying. However, given the length of time since the new policy has been adopted, it is hard to quantify what may happen, although there will be evidence showing what has happened after a year or so.
- 'Community contribution' ought to be considered as part of the criteria but this was very difficult to define.
- Perhaps 'local residency' could also be considered as part of the criteria.
- One potential impact is that the number of appeals could applications were no longer registered in Band E. However, in Teignbridge, 284 applicants have been assisted to find accommodation in the private sector and Torbay has reassessed 140 out of 1696 cases in Band E.
- There was a strong feeling that if Band E was to remain the name ought to be changed to better reflect the likelihood of being housed if assigned to this band e.g. only 20 out of 1000 housed in 2013.
- Adverts needed to include a map or a postcode to show the precise location of each property. Some people, outside of the locality, had bid for properties not knowing where they were exactly. Information within the existing adverts was limited. It is important that adverts show accurate information on the web site. This is because it can be very time-consuming to manage bids where the housing applicant is not committed to living in that home in that particular location and, as a result, refuses an offer.
- Exeter City Council had predicted that a lot of Officer time would be freed up by the removal of Band E but this had yet to be proved.

- Some of the Devon authorities who had decided to remove Band E did not own their own properties and applicants in those districts were housed by other RPs. Mid Devon is a rural locality with a number of 'hard to let' properties, especially in remote locations that lack local amenities and public transport and this situation may not necessarily be the same in more urban locations.
- The Scrutiny Improvement Group (SIG) needed to be consulted as to their views regarding Band E.
- The group had commenced the process thinking that removing Band E would be a good idea as it would reduce the waiting list figures. The situation was far more complicated than that.
- It could be difficult to define exactly what community contribution should be taken into account when giving priority for rehousing.

There are no clear benefits to removing Band E but there are identifiable risks and it is too soon to take those risks. There is not yet enough evidence from other authorities to support the removal of Band E, however, it remains a great concern that over half of the people on the waiting list are in Band E, therefore the Working Group suggest a number of recommendations.

6. Recommendations

- i. Revisit the suggestion in 12 month's time once:
 - a. Evidence has been gathered from Exeter City Council, Teignbridge District Council and Torbay Council regarding the effect on numbers in the waiting list, the impact upon resources and the effect on the relationship with Devon Home Choice.
 - b. Costs have been ascertained as to any necessary changes to the IT software that would be incurred if Band E was removed.
- ii. The Council seeks the opinion of the Scrutiny Improvement Group.
- iii. Investigate whether the adverts on the Devon Home Choice website could be amended to show:
 - a. The precise location of a property by the insertion of a map or a postcode. *(Mr Warren subsequently confirmed that adverts already contain a map and street view)*
 - b. More photographs of the properties themselves.
- iv. The 'Band E' name be changed to better reflect the realities of being placed in this Band e.g. 'No housing need'. *(The Housing Options Manager has already instructed the team to amend the website and relevant letter templates to take account of this)*

- v. Consideration be given to amending the criteria for Band E for the following reasons:
 - a. Should income thresholds be reduced, for example, is it right that families with an income of over £60k are allocated to this band?
 - b. Should people who have been on Devon Home Choice for a number of years but have never bid on anything be allowed to remain in the band?
- vi. More work should be done at the verification stage to manage people's expectations when placed in Band E.
- vii. If Members of the PDG were minded not to register housing applicants in Band E going forward, then consideration should be given to adding a new band D2 for those people who live in private sector accommodation where there are affordability issues.

7. The Review of the DHC Scheme

The Management Board of the DHC partnership is due to commence work on the review of the scheme and a proposal has been included that all local authorities adopt the approach that has been taken in Teignbridge & Torbay to remove applicants from the register who refuse 3 reasonable offers and who do not bid in 12 months. In addition, there is a further proposal which is due to be discussed, that anyone with over £60k in savings is excluded from the register - unless they are seeking sheltered accommodation (where a higher threshold has been agreed) or very adapted accommodation (which would cost more to buy/ rent privately).

Other issues to be discussed by the partnership as part of the review include:

- The amendment of the scheme in light of the Right to Move proposal which the Government has consulted on
- Whether or not new applicants should be required to have a local connection to Devon
- Whether or not the rules relating to applicants who have arrears of rent should be tightened up
- The sanctions applied to those who make false or misleading statements on their applications for rehousing.

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DECENT & AFFORDABLE HOMES PDG
25 NOVEMBER 2014

AGENDA ITEM: 11

ASBESTOS MANAGEMENT ON COUNCIL HOUSES

Cabinet Member Cllr Ray Stanley
Responsible Officer Head of Housing & Property Services

Reason for Report: To provide Members with an update on the Health and Safety Executive (HSE) investigation into the alleged Asbestos Insulating Board (AIB) asbestos soffit removal by an unlicensed contractor at Brays Close, Crediton.

RECOMMENDATION(S):

That the PDG notes the HSE recommended actions detailed in Appendix 1 of the report and endorses the actions in Appendix 2.

Relationship to Corporate Plan: Corporate Plan priorities and targets are effectively maintained through the use of appropriate performance indicators and regular monitoring.

Financial Implications: The Health and Safety Fees and any cost of recommendations will be funded by the Housing Revenue Account.

Legal Implications: It is our legal responsibility to comply with the Health and Safety Act 1974 and the Control of Asbestos Regulations 2012.

Risk Assessment: If the recommended actions are not carried out, further enforcement action could be undertaken by the HSE.

1.0 Introduction

- 1.1 In July 2014 Members were informed that it had been reported in the press that asbestos containing soffits at Brays Close Flats, Crediton had been removed without due regard to the Control of Asbestos Regulations 2012.
- 1.2 Officers advised the Health and Safety Executive of this potential breach and provided evidence in order for the HSE to carry out an investigation. This included information on other sites where soffits and facias had been replaced.
- 1.3 The Health and Safety Executive has now concluded its investigation into the alleged AIB asbestos soffit removal by an unlicensed contractor which occurred in January 2012 and has written to the Council requesting action to be taken to rectify failings that had been identified.
- 1.4 Although the Council has been found to be in breach of the legislation, the HSE is not proposing any enforcement action. The HSE has made recommendations that need to be in place by 30 November 2015.

2.0 Action Required

- 2.1 During the investigation, the inspector identified contraventions of health and safety law which are listed in Appendix 1 attached (extract from the HSE letter dated 30.10.14), together with a summary of the incident giving relevant legislation and legal requirements. This appendix also details the reasons for the inspectors' opinions in drawing its conclusion.
- 2.2 We have also been notified that under Regulations 23 and 24 of the Health and Safety (Fees) Regulations 2012, the HSE will recover its costs for the examination. At the time of writing this report those costs are not yet known.
- 2.3 There is also a requirement under Section 28(8) of the Health and Safety at Work etc. Act 1974 that requires the HSE to give information to employees about matters affecting their health and safety. We have therefore been asked to provide a copy of the HSE Notification of Contravention letter dated 30 October 2014 to our employees for their information.

3.0 Conclusion and Recommendation

- 3.1 The HSE has noted that officers have already taken action to address some of the matters identified and unless new information comes to light to alter its opinion, the HSE consider the investigation concluded.
- 3.2 Following this investigation and our own internal review of our policies and procedures, a number of actions have been agreed. These are detailed in Appendix 2. It is intended that an independent Health and Safety advisor be engaged to verify that these actions and amendments to our policies and procedures will ensure that we comply in future to the Control of Asbestos Regulations 2012.

Contact for more Information: Nick Sanderson, Head of Housing and Property (01884 234960 – nsanderson@middevon.gov.uk)

Circulation of the Report: Management Team and Cabinet Member

Notification of Contravention

Mark Baglow, Building Services Manager &
Nick Sanderson, Head of Housing
Mid Devon District Council
Old Road Depot
Tiverton
Devon
EX16 4HQ

Reference HA/ 4380180

Helena Allum

HSE
4th Floor, North Quay House
Sutton Harbour
Plymouth
Devon PL4 0RA

Tel: 01752 276323
Fax: 01752 226024
Email:
helena.allum@hse.gsi.gov.uk

<http://www.hse.gov.uk/>

Date 30th October 2014

Line manager: Ms J Teasdale

Dear Sirs

HEALTH AND SAFETY AT WORK ETC ACT 1974

I have concluded the investigation into the alleged AIB asbestos soffit removal by an unlicensed contractor at Brays Close, Credition, which appeared to have occurred mid 2012. I am writing to inform you of my findings in relation to Mid Devon District Council and request action be taken to rectify the failings identified.

Action Required

During the investigation, I identified contraventions of health and safety law, which are listed in **Appendix 1** of this letter. I refer you to this appendix for more information on what the findings were and what action you must take on these matters to comply with the law. It is noted that you have already taken action to address some of the matters identified. Unless new information comes to light to alter my opinion, I consider the investigation concluded.

Whilst I investigated your activities to assess how you were complying with your legal responsibilities relating to asbestos, I did not examine the whole of your business. There may be additional areas to those I identified which also require your attention. It is your responsibility to ensure the health and safety of your employees and other people, such as members of the public, who may be affected by the way you run your business.

HEALTH AND SAFETY (FEES) REGULATIONS 2012 ('THE FEES REGULATIONS 2012') – FEE FOR INTERVENTION

I am notifying you that the contraventions numbered 1 & 2 in **Appendix 1** are, in my opinion, material breaches for which a fee is payable by you to HSE under Fee for Intervention. My reasons for this are also given in Appendix 1. You should read "**Information on Fee for Intervention**" accompanying this letter for further information on this.

Further Information

For further information about health and safety please visit HSE's website at www.hse.gov.uk. You can view and download HSE guidance online and also order priced publications from the website. HSE priced publications are also available from bookshops.

Information for employees

Section 28(8) of the Health and Safety at Work etc. Act 1974 requires me to give information to your employees about matters affecting their health and safety. I therefore ask you to print out a second copy of this letter to provide to the employees for their information.

Please will you write to me confirming the action you have taken on the matters listed in Appendix 1 by 30th November 2014. If you require any further information or advice please contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Helena Allum'.

Helena Allum
HM Inspector of Health & Safety

Enc: Appendix 1
Information on Fee for Intervention

CONTRAVENTIONS OF HEALTH AND SAFETY LAW

I identified the following contraventions of health and safety law during my investigation and these now require your attention. You must take action on them to comply with your legal duties. I have also given you the reasons for my opinion as to why you are contravening or have contravened health and safety law.

Incident - at Brays Close, Credition, mid 2012, soffits in the form of asbestos insulation board (AIB) were mistaken by Phil Squires employees as asbestos cement and removed by them. Phil Squires is not a licensed asbestos removal contractor. That work may have resulted in a release of asbestos fibres. The management survey for Brays Close did not identify the soffits as being asbestos or what type.

Legislation - Control of Asbestos Regulations 2012, reg 4, duty to manage - it is debatable whether the soffit on shared domestic premises would fall under the regulations under common parts. However you do have duties under section 3 of the Health & Safety at Work etc. Act 1974 and CDM and those duties would extend to the provision of sufficient information on presence of and type of asbestos to contractors.

Legal requirements - To avoid the risks associated with disturbance of asbestos fibres, dutyholders should carry out sufficient checks to identify the presence of and type of asbestos before any work takes place which may result in it being disturbed. For activities which involve refurbishment, removal, building work etc. a refurbishment/demolition asbestos survey carried out by a competent person (qualified surveyor) is considered to be suitable and sufficient way of identifying the presence of asbestos. If AIB is identified it should be removed by a licensed contractor.

In determining the form of action to take in relation to these incidents it has been taken into account:

- For Brays Court, though there is sufficient information to indicate legislative breaches have occurred, the identification of the AIB debris occurred over two years after the soffit removal work was complete.
- The AIB debris may be weathered but its link to the soffit boards can only be assumed. The same applies to Sunnymead Flats.
- Additionally, the potential for harm/actual harm created by the method of work cannot be determined, as the work took place too long ago to determine whether the system of work created a risk and the extent of that risk. Again the same applies to Sunnymead Flats.

1. **Issue** - Regardless of when it was received by the contractor, the asbestos survey was lacking for Brays Court as it failed to identify whether the soffit material was asbestos and what type. The Sunnymead flats survey did not clearly identify the soffit as being AIB.

Breach - Health & Safety at Work etc Act 1974 and Construction (Design & Management) Regulations 2007 – failure to provide suitable and sufficient information to the contractor on materials which could cause harm to health.

Action being taken – you are improving your management survey to more clearly indicate the presence and type of asbestos

2. **Issue** - Unclear information was provided in the 'MDDC/Contractor' contract on the asbestos related action to be taken by the contractor when they are asked to carry out refurbishment or demolition work on the exterior of the property. Also the document produced post Bray Close work, 'Management of Asbestos in MDDC properties', does not identify exterior work such as removal of soffits, roof tiles etc. as refurbishment work that requires a refurbishment/demolition asbestos survey.

Breach – Health & Safety at Work etc Act 1974, failure to provide contractors with sufficient information and instructions to avoid the risk of contact with asbestos in MDDC owned/controlled buildings.

Action required – information should be provided to contractors, which clearly states: that for any refurbishment/demolition work, internal or external, where structural changes or removal of objects etc. is to be carried out a refurbishment/demolition asbestos survey must be carried out by a competent person; and whose responsibility the obtaining of that survey is. Unless, building age or other relevant information is available to confidently state that there is no asbestos the property.

INFORMATION ON FEE FOR INTERVENTION

Under regulations 23 and 24 of the Health and Safety (Fees) Regulations 2012, HSE will recover its costs for the work it does in relation to certain contraventions of health and safety law. These contraventions are known as 'material breaches'. This cost recovery is called 'Fee for Intervention' or 'FFI'.

A material breach is when, in the opinion of the HSE Inspector, there is or has been a contravention of health and safety law that requires the Inspector to issue notice in writing of that opinion to the dutyholder. This Notification of Contravention is written notice of my opinion. The reasons for my opinion are set out in **Appendix 1**.

HSE will recover from you the costs that it incurs in consequence of any contravention that is a material breach. The costs for the whole visit where a material breach is first identified are recoverable, along with other associated work.

HSE will send you an invoice for the costs incurred.

There are exemptions and disapplications, where HSE cannot recover its costs for carrying out its functions. These exemptions and disapplications are detailed in HSE 47 - *Guidance on the Application of Fee for Intervention* at <http://www.hse.gov.uk/pubns/hse47.pdf>.

Under regulation 25(5) of the Fees Regulations 2012 you have the right to dispute the invoice. You can find further information about Fee for Intervention and details of the terms on which you can dispute an invoice in the leaflet HSE 48 - *Fee for Intervention: What you need to know* at <http://www.hse.gov.uk/pubns/hse48.pdf>. More detailed information is given in HSE 47 - *Guidance on the Application of Fee for Intervention* at <http://www.hse.gov.uk/pubns/hse47.pdf>.

Actions following Investigations into the claim that asbestos soffits were replaced without regard to Health & Safety Legislation

- An internal investigation was carried out and appropriate action undertaken
- We ensure that an Refurbishment and Demolition (R&D) survey is carried out before major works start in order to ascertain whether there is any Asbestos Containing Materials (ACM's) present and the risk attached to them so that appropriate action can be taken
- When carrying out minor works we check the asbestos register first, and where information is thought to be missing or there is any doubt we always presume the worst case
- We check the risk assessments provided by the contractor against the results of the R&D survey
- Asbestos Awareness refresher courses have been brought forward for all operational and support staff
- Asbestos Task training refreshers have been brought forward for all operational staff
- Asbestos Management training has been brought forward for all supervisory staff
- 'Asbestos Essentials' task manuals are being reissued to all operational and supervisory staff
- The HSE asbestos mobile phone application (app) is being installed on the operative's smart phones
- A hard copy of the HSE app 'How to Asbestos Guide' is being issued to all operatives
- The HSE app 'How to Asbestos Guide' is being promoted to our contractors
- We downloaded a list of all sites where the same contractor has completed similar works involving ACM's and carried out an initial survey.
- We quarantined all loft spaces where we feel there may have been a risk until a specialist survey could be carried out
- We have employed the services of Ron Boyd - Partners in Safety, to initially carry out a full review of our policies and procedures, make recommendations, and spot check sites going forward to ensure compliance.

- We are reviewing our Construction Design and Management Coordinator role (CDMC) with a view to potentially outsourcing this
- Increased site inspections for all high risk tasks such as asbestos removal and working at height
- The asbestos management policy has been reissued to all supervisory staff
- A copy of The Control of Asbestos Regulations has been reissued to all supervisory staff
- We will be improving the quality of our management surveys to include the type of asbestos rather than just their elemental composition.
 - Examples - Asbestos insulation board, Asbestos cement, Sprayed lagging, Textured Coatings, Woven cloth etc
- We will ensure that the information recorded on the Asbestos Register is complete and includes the type of the asbestos found as per above. Where no asbestos is detected this needs to be recorded as such.
- Amend the 'Management of Asbestos in MDDC Properties' policy to ensure it identifies exterior work such as removal of soffits, roof tiles etc. as refurbishment work that requires a refurbishment/demolition asbestos survey.
- Provide information ideally via the contract documentation, or before starting works, to contractors, which clearly states:
 - Any refurbishment/demolition work, internal or external, where structural changes or removal of objects etc. is to be carried out a refurbishment/demolition asbestos survey must be carried out by a competent person
 - Whose responsibility the obtaining of that survey is
 - This will apply in all cases unless the building age or other relevant information is available to confidently state that there is no asbestos in the property