

Public Document Pack

Mid Devon District Council

Decent and Affordable Homes Policy Development Group

Tuesday, 20 January 2015 at 2.15 pm
Exe Room, Phoenix House

Next meeting
Tuesday, 17 March 2015 at 2.15 pm

Those attending are advised that this meeting will be recorded

Membership

Cllr P J Heal (Chairman)
Cllr Mrs E M Andrews
Cllr W J Daw (Vice Chairman)
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 of 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** (*Pages 5 - 10*)
To approve as a correct record the minutes of the meeting held on 25 November 2014 (copy attached).
- 4 **Chairman's Announcements**
To receive any announcements that the Chairman may wish to make.
- 5 **General Fund Budget 2015/16 - update** (*Pages 11 - 14*)
To receive an update report from the Head of Finance considering options in order for the Council to move towards a balanced budget for

2015/16.

- 6 **HRA Budget 2015/16** *(Pages 15 - 22)*
To receive a report from the Head of Finance and Head of Housing providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) in 2015/16. This includes a proposal on the rent increase and a schedule of other fees and charges.
- 7 **Proposed Review of Tenancy Agreements** *(Pages 23 - 28)*
To receive a report from the Housing Services Manager informing Members about the proposed review of Tenancy Agreements used by Housing Services when letting Council homes.
- 8 **Affordable Homes update** *(Pages 29 - 30)*
To receive an update from the Head of Housing and Property Services regarding the projected delivery of Affordable Housing between 31 March 2014 and 1 April 2015.
- 9 **Special purpose vehicle**
To receive a verbal update from the Head of Housing and Property Services.
- 10 **Identification of items for the next meeting - 17 March 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 & Procedures
 - Compliance with the HCA's Consumer Standards
 - Tenant Involvement Strategy
 - Tenant Involvement Policy

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

Kevin Finan
Chief Executive
Monday, 12 January 2015

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 Exe Room 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 on:

Tel: 01884 234310

E-Mail: slees@middevon.gov.uk

Public Wi-Fi is available in all meeting rooms.

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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **DECENT AND AFFORDABLE HOMES POLICY DEVELOPMENT GROUP** held on Tuesday 25 November 2014 at 2.15pm

Present

Councillors: Mrs E M Andrews, W J Daw, P J Heal, D J Knowles, Mrs J R Rendle and R Wright

Also Present

Councillors: R L Stanley, P F Williams and K D Wilson

Also Present

Officers: N Sanderson (Head of Housing and Property Services), A Jarrett (Head of Finance), R Hewson (Principal Accountant), C Yandle (Internal Audit Team Leader), A Barrett (Accountant), M Parker (Housing Options Manager), S Sandy (Housing Officer) and S J Lees (Member Services Officer)

Declaration of Interest Councillor:

Member	Minute No	Type of Interest
Cllr Mrs J R Rendle	38	Personal

30 **PUBLIC QUESTION TIME**

There were no members of the public present.

31 **MINUTES**

The Minutes of the Meeting held on 9 September 2014 were approved as a correct record and **SIGNED** by the Chairman.

32 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman welcomed Cllr D J Knowles as a new Member to the Group.

33 **DRAFT GENERAL FUND BUDGET 2015/16 (00-01-56)**

The Group had before it, and **NOTED**, a report * from the Head of Finance presenting the 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. He explained that this was a generic report which had been presented to each of the Policy Development Groups and the Cabinet. An updated report would be presented to each of those committee in January 2015 which would include the actual figure of the formula grant for 2015/16.

It was stated that following a reconciliation of the 2015/16 budget variances the current draft budget gap for 2015/16 was currently showing as £650k.

This figure had been arrived based upon a number of key assumptions including estimations made in relation to Council Tax, staff pay awards and inflation.

Discussion took place regarding:

- Some of the New Homes Bonus money being used to fund the posts of Tiverton Town Centre Manager and an Economic Development Officer.
- The Pension Fund deficit and the need to increase contributions which was reflective of the market generally.
- The reorganisation of staff within Housing Services and the need to create a new 0.5 full time equivalent post to undertake homelessness work previously undertaken by outside organisations.
- Devon County Council funding of £20k towards a Youth Homelessness Post.
- Reduction in bad debt provision of £57.5k based on a detailed review of repayments to previous years debts.

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

34 **HOUSING REVENUE ACCOUNT BUDGET 2015/16 (00-22-00)**

The Group had before it, and **NOTED**, a report from the Head of Finance and the Head of Housing providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) in 2015/16.

It was explained that the Council was required to set an HRA budget where expenditure was balanced by income. The income was primarily made up of dwelling rents whereas the expenditure consisted of day-to-day operations, corporate overheads and capital expenditure. The Council's rents were currently lagging behind Formula Rent. The Department for Communities and Local Government were increasing Formula Rent by 2.8%. This meant that the Council needed to increase rent even more if the gap was to be closed within required timescales. By increasing the rents by an average of 3.4% the Council would ensure that the vast majority of properties had reached the Formula Rent and those that lagged further behind were moved towards Formula Rent as quickly as possible.

The Warden Service would cease to operate as from April 2015 onwards. This would reduce both income and expenditure but would give the Council more certainty about its future and expenditure streams.

Discussion followed with regard to the budget of £30k for garage repairs and whether this was enough provision. It was pointed out that many garages were now too small for the modern cars and could not fulfil their original intent. However, it was expensive to knock down garages and rebuild them for rent especially given that there was not currently a waiting list for garages. The Head of Housing and Property Services stated that it was better to repair a garage that was currently let rather than repair a garage that was unlettable.

Members requested that when the Council decided in the future to knock down a garage that it inform's the Ward Member(s) first.

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

35 **FINANCIAL UPDATE FOR THE SIX MONTHS TO 30 SEPTEMBER 2014 (00-39-33)**

The Group had before it a report * from Head of Finance presenting a financial update in respect of the income and expenditure so far in the year. In addition, the report highlighted the Council's current financial status and the likely reserve balances as at 31 March 2015.

Since the report had been published the figures for October had been released and these had showed a £57k better than expected figure in relation to DAARS (the Deposit and Rent Scheme). It was further explained that the solar panel income of £168k was to be transferred to the renewable energy reserve. Officers would be tasked with undertaking an audit on possible renewable energy projects for tenants going forwards.

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

36 **HRA MEDIUM TERM FINANCIAL PLAN 2015-2019 (00-46-56)**

The Group had before it, and **NOTED**, a report * from the Head of Finance and Head of Housing providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) from 2015/16 – 2018/19.

Discussion took place regarding the income figure for non-dwelling rents remaining static between 2015/16 and 2018/19. It was explained that this predominately related to garage and ground rents. An assumption had been made that it would be unlikely that rents would be increased in this area over the next three years.

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

37 **PERFORMANCE AND RISK REPORT FOR THE FIRST TWO QUARTERS OF 2014-15 (00-57-48)**

The Group had before it, and **NOTED**, 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.

The Chairman expressed concern regarding the number of “affordable homes delivered” being well below target. He requested that a report be brought to the next meeting summarising the position and that a realistic prediction be made about the numbers which were achievable by the end of the year. It was explained that the actual number of affordable homes delivered was very dependent on development within the district.

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

38 **DEVON HOME CHOICE WORKING GROUP (01-05-43)**

The Group had before it a report * from the Devon Home Choice Working Group presenting a summary of their work as well as their conclusions and recommendations.

Members of the working group stated that they had worked hard to examine all the evidence from authorities who had either removed Band E already or

who were consulting on it. They had concluded that currently the risks outweighed the potential benefits and that the same number of people would apply to the Council for housing whether they had a Band E or not creating no saving in officer time. They had further concluded that there were people in Band E who had no housing need but for financial reasons could not afford to stay where they lived. The situation needed to be reassessed in 12 months time.

The Housing Options Team were working hard on reducing the numbers in the list wherever they could to more accurately reflect what the true housing need was. Advice was provided to applicants from the outset as well trying to impart the unlikelihood of being housed if placed within Band E.

There was a consensus of opinion throughout the partnership that the Devon Home Choice Scheme needed some fundamental changes and the Working Groups conclusions and recommendations would be fed back to inform the DHC review currently being undertaken.

RECOMMENDED to the Cabinet
that the recommendations within
the report be approved.

(Proposed by Cllr R Wright and
seconded by Cllr Mrs E M Andrews)

Notes: (i) *Report previously circulated; copy attached to the signed minutes;

(ii) Cllr Mrs J R Rendle declared a personal interest in that she was a private landlord.

39 **ASBESTOS MANAGEMENT ON COUNCIL HOUSES (01-27-02)**

The Group had before it, and **NOTED**, 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.

It was explained that all staff within the Housing Service had been informed of the HSE notification of contravention and had been sent a copy of their letter. This was in accordance with a recommendation from the HSE. The Head of Housing and Property Services was seeking further clarity from them as to whether this recommendation related to all staff within the Council or just those within the Housing Service. All HSE recommendations needed to be in place by 30 November 2014 and it was confirmed that this was an achievable target.

A brief discussion took place regarding the fee that the HSE would charge the Council in relation to their investigation. The total figure was not yet known but could be estimated to be between £5k and £10k. The Council had thought that it acted in accordance with its obligations but had agreed that there had been weaknesses in the light of the investigation. The recommended changes to the Council's Asbestos Register had been implemented and work was underway to complete the register in its new format.

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

40 **EMPTY HOMES STRATEGY (01-38-50)**

The Chairman informed the Group that this item would be deferred until the next meeting to allow more time to gather together relevant and updated information.

41 **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING – 20 JANUARY 2015**

In addition to the items already identified in the work programme it was **AGREED** that the following reports should come to the next meeting:

- Draft budget update for 2015/16
- Update on figures in relation to Affordable Homes
- Verbal report on the acquisition of a special purpose vehicle

(The meeting ended at 4.00pm)

CHAIRMAN

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Cabinet & Policy Development Groups 8 January 2015

Budget 2015/16 - Update

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

Reason for Report: To consider options available in order for the Council to move towards a balanced budget for 2015/16.

RECOMMENDATION: To consider and agree the updated budget proposals for 2015/16 included in Appendix 1.

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

Financial Implications: Now the Council has received notification of its Formula Grant Settlement it is imperative that it matches current and ongoing expenditure plans to estimated sources of income/funding.

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. This position has been revised based on an additional 2 months of financial monitoring information. In addition prudent levels of reserves will also continue to be maintained.

1.0 Introduction

- 1.1 On the 18 December 2014 the Council received formal confirmation of its Formula Grant Settlement (but no provisional notification for 2016/17 – which clearly doesn't assist any future financial planning) and details relating to a Council Tax Freeze Grant and the Referendum Limit.

2.0 2015/16 general Fund Budget - Revised Position

- 2.1 Since the first round of PDGs and Cabinet meetings the Finance team and service managers have been revisiting a range of budgets to strive to deliver more savings or increased income levels.

- 2.2 This process (excluding the Formula Grant Settlement) has improved the General Fund budget by circa £468k (see Appendix 1) and now only leaves a budget gap of £99k. This reflects a lot of hard work and constructive negotiation over the past 2 months.

3.0 Conclusion

- 3.1 The Council still has approximately 1 month until the Cabinet will meet on the 5 February 2015 to formally recommend the overall budget and level of Council Tax for 2015/16 and officers will continue to work towards delivering a balanced budget position.
- 3.2 As the Head of Finance has discussed on a number of occasions over the past few years, the Council's financial future is only going to become increasingly challenging, not helped by receiving no indicative grant figures for 2016/17 and it therefore remains apparent that difficult decisions will have to be made in the future where we attempt to balance the needs of our residents with the available funding at our disposal. This will be a very challenge for our new Council in May 2015 – but at least the Council is in a strong/healthy financial position at the current stage and has demonstrated a solid track record of delivering significant savings over the last 4-5 years and still delivers a wide range of high performing services.

Contact for more information: Andrew Jarrett – Head of Finance
Background Papers: Draft 2015/16 Budget Papers
Grant Settlement Email 18/12/14

File Reference:

Circulation of the Report: Management Team, Members & Relevant Service Managers

15/16 Budget Changes (since PDG's)

Budget gap estimated at November/December PDGs and Cabinet		£
		650,178
Cost Centre	Description	
Housing Benefit	HB Admin Grant - Circa £10k reduction - awaiting confirmation	10,000 Revised figure from DWP
Corporate Fees/Charges	Sector fees overbudgeted in first draft	-9,050
Collection Fund	Projected C/Fund surplus (at 05/12/14) lower than budgeted	6,670
Community Development - Grants	Reduction in group 1 and 2 grants as agreed	-6,475
Community Development - Grants	Reduction in seed fund to offset savings not achieved on grants	-13,825
Car parks	Updated with current income levels	-10,000
RCCO reduce - as NHB funding capital shortfall		-125,000
Waste/recycling - new scheme savings	Agreed to set a global figure of £200k	-200,000 1/2 year savings + set up costs
Revised Formula Grant		-83,000
Rev'd leisure income/costs		-25,000
E/Health Rioms Webbase Software	Web base software for Health	2,000
Feed in tariff (Leisure sites)		-30,000
Dev Control Fees	Note - JC recommended £40k further increase	-70,000
Pollution Licenses Income	Budget set too high in 14/15	2,500 £13.5 - Reduced to £11k
Total changes to be agreed		-551,180
New budget gap after the above changes/revisions		98,998

Notes

Formula grant agreed on 18/12/14 - confirming a grant cut of £574k - which was £83k better than the provisional sum announced 12 months earlier
 Council tax freeze grant offered for 2015/16 @ 1% - so circa = £50k. Note - if Ctax freeze grant accepted budget gap increases by £25k
 Referendum limit agreed at 2% for 2015/16
 Nothing included at the moment for: shared ICT work, Mkt Walk or Fore St properties

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DECENT & AFFORDABLE HOMES PDG 20 JANUARY 2015

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. It includes a proposal on the rent increase and a schedule of other fees and charges.

RECOMMENDATION: That the PDG agree the rent increase proposed, along with the rest of the budget proposals and agree for MDDC to investigate the feasibility of creating a Special Purpose Vehicle, as described in paragraph 3.5.

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 to maintain a sustainable Housing Revenue Account with adequate investment for necessary maintenance. The rent convergence target of 2015/16 will need to be met in order that the 30 year business plan and debt repayments are achieved.

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 final budget for 2015/16 which proposes a balanced budget position, shown here in Appendix 1. We are able to predict with relative certainty the majority of the HRA budget areas, since uncertainties reduce as we get closer to the new financial year.

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 £2,323k be budgeted as an annual contribution to the Housing Maintenance Fund to provide for any spikes in demand in future years. This will allow for properties to be maintained to an appropriate standard as well as enabling Mid Devon to support the provision of new social housing.
- 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 convergence

- 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, but surpluses generated may be used to fund new building. 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 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 need to manage the impact on the revenue budget each year.
- 3.5 Some local authorities around the country that are involved in new development have created separate entities known as Special Purpose Vehicles (SPVs). This has the potential benefit of protecting the social housing sector against the risk of losing properties through the Right to Buy scheme. It is recommended that the PDG agree for MDDC to investigate the feasibility of creating an SPV and evaluate the implications of doing so.
- 3.6 The latest legislation on Right to Buy means that we're likely to sell more properties in future years. This will have an impact on our rent income, which in turn affects our ability to fund property maintenance and development as well as servicing any existing or new debt.
- 3.7 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 in this report should enable the Housing service to operate its day-to-day functions and achieving both its core and its value adding objectives. In addition, it should enable provision to be made for significant works required in the future.
- 4.2 This report will be seen by Cabinet at their meeting on 05/02/14 and by Full Council on 25/02/14. Any further development on the issues mentioned above will be communicated to this group at future meetings.

Contact for more information: Andrew Jarrett
01884 234242
ajarrett@middevon.gov.uk

Roderick Hewson
01884 234230
rhewson@middevon.gov.uk

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

Housing Revenue Account Budget

Code	Best Value Unit	Current Year Budget	Movement	Proposed Budget 2015/16
BHO01	Dwelling Rents	(12,466,560)	(344,040)	(12,810,600)
BHO02	Non Dwelling Rents	(525,060)	(2,930)	(527,990)
BHO03	Warden Income	(329,080)	298,100	(30,980)
BHO04	Leaseholders' Service Charges	(13,500)	(6,340)	(19,840)
BHO05	Contributions Towards Expenditure	(35,300)	330	(34,970)
BHO06	Community Alarms Income	(133,930)	(4,240)	(138,170)
BHO06B	Miscellaneous & Solar Panel Income	(19,000)	(150,000)	(169,000)
BHO07	H.R.A. Investment Income	(41,000)	1,000	(40,000)
BHO09	Repairs And Maintenance	2,647,920	(22,970)	2,624,950
BHO10	Supervision & Management	1,800,000	208,610	2,008,610
BHO11	Special Services	382,970	(204,270)	178,700
BHO17	Bad Debt Provision Movement	25,000	0	25,000
BHO18	Share Of Corporate And Democratic	181,600	21,290	202,890
BHO20	Interest Payable	2,812,000	(1,344,210)	1,467,790
BHO22	H.R.A. Transfers between earmarked reserves	0	125,000	125,000
BHO23	Revenue Contribution to Capital	145,580	1,977,180	2,122,760
	TOTAL	(5,568,360)	552,510	(5,015,850)

Recharges	1,205,890	12,060	1,217,950
Capital charges	4,362,470	(564,570)	3,797,900
TOTAL	0		0

Assumptions

Social Rents to increase by an average of 3.4% to give an average of £81.20 per week (over 52 weeks)

Formula Rent to increase by 2.8%

Six further properties sold during 2014/15

Fourteen properties sold during 2015/16

Average of twelve properties void at any one time

Eight properties are excluded from rent setting as they are not available for re-let

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

£2,323k contribution to the Housing Maintenance Fund to be made

Recharges to grow with assumed salary inflation

Line BHO20 shows loan interest and loan principal in 2014/15, but only loan interest in 2015/16

Line BHO23 includes the contribution to the MRA (£1,999k) in 2015/16

The two changes above have the effect of capital charges reducing by £565k

How the increase works out across all of our properties

We propose to move each property's rent to Formula Rent, or the maximum increase where the rent lags too far behind for this to be possible.

Increases would be spread as follows.

Increase	Number of properties affected	Gap to Formula Rent (average, per week)
< 2.8%	170	£0.00
2.9%-3.3%	2,623	£0.00
3.4%-3.9%	57	£0.00
4.0%-4.4%	18	£0.00
4.5%-4.9%	19	£0.00
5.0%-5.4%	69	£1.44
5.5%-5.9%	72	£1.14
6.0%-6.2%	3	£12.21
TOTAL	3,031	

This would give rise to an average increase of 3.4%, which will take our average rent to £81.20.

Maximum % increase

Properties affected	Formula Rent	Actual rent 2014/15	Current gap	Proposed increase	Proposed increase	Proposed rent 2015/16
1	£75.19	£58.64	£16.55	6.2%	£3.65	£62.29

Maximum £ increase

Properties affected	Formula Rent	Actual rent 2014/15	Current gap	Proposed increase	Proposed increase	Proposed rent 2015/16
1	103.33	£88.02	£15.31	5.1%	£4.46	£92.48

HRA: Proposed Fees and Charges 2015/16

	<u>2015/16</u>	<u>Increase</u>	<u>Increase %</u>	<u>2014/15</u>
<u>Community Alarm Charges per week per property</u> (48 week basis)				
Sheltered & Bronze Scheme Alarm Charge	£2.50	£0.00	0.0%	£2.50
Lifeline Base Unit	£3.76	£0.00	0.0%	£3.76
Premiers – Lifeline plus telephone	£3.90	£0.00	0.0%	£3.90
Garage rents per week (48 week basis) <i>It should be noted that council tenants receive a discount of £2.00 per week on any garage rent.</i>	£11.25	£0.25	2.3%	£11.00
Garage ground rents (Annual charge)	£185	£20	12.1%	£165
<u>N.B.</u> September 2014 RPI: 2.3% MDDC Formula Rent on average				
	2015/16: £81.27	2014/15: £78.98		

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DECENT & AFFORDABLE HOMES PDG 20 JANUARY 2015

PROPOSED REVIEW OF TENANCY AGREEMENTS

Cabinet Member Cllr Ray Stanley
Responsible Officer Housing Services Manager

Reason for Report: To inform Members about the proposed review of tenancy agreements used by Housing Services when letting Council homes.

RECOMMENDATION(S): To agree the action plan relating to this project.

Relationship to Corporate Plan: The provision of good quality housing in the public sector is a priority for the Council and there is a commitment to achieve this by managing our Council homes efficiently. A robust tenancy agreement which sets out the rights and responsibilities of tenants and the Council is required to enable efficient and effective management of our homes.

Financial Implications: Reviewing the tenancy agreement for all types of tenure offered by the Housing Service will involve detailed consultation with tenants and staff. The cost of stationery, printing and postage could be up to £12,000 excluding Officer's time and will be contained within existing budgets in the Housing Revenue Account.

Legal Implications: As a registered provider (RP) of social housing, the Council is obliged to take account of the standards contained within the revised regulatory framework which is administered by the Homes and Communities Agency (HCA). This states that RPs should meet all applicable statutory and legal requirements in relation to the form and use of tenancy agreements or terms of occupation.

Section 102 and 103 of the Housing Act 1985 provides that in England and Wales the terms of a secure tenancy (other than those implied by statute) may be varied, therefore correct compliance of legislation is a requirement to prevent any legal challenges.

Risk Assessment: It is good practice to review tenancy agreements on a regular basis to take account of changes to legislation and to ensure that housing management staff have the tools available to manage the housing stock efficiently and effectively.

1.0 Introduction

- 1.1 Introductory and secure tenancy agreements were reviewed late 2009/early 2010. Since that time, flexible tenancies (2 and 5 year terms) have been introduced and this has now created an opportunity to revisit the existing conditions of tenancy and amend them where appropriate to be in line with statutory requirements and good practice.

2.0 Proposed Changes

- 2.1 There are a number of key areas which will need to be given consideration prior to consultation. This will be achieved by researching good practice in housing management and complying with statutory requirements. In particular, it may be advantageous to combine the current three tenure types (introductory, secure and flexible) used and incorporate them into one document.
- 2.2 Currently, a separate secure and introductory tenancy agreement is issued if a property has solar panels, however it may be beneficial if the clauses are incorporated into a standard tenancy document. This would help to minimise any Officer error.
- 2.3 Other clauses of the existing agreements may also need to be reviewed to give greater clarity and to accommodate some of the operational issues that have arisen in recent years. Examples would include:
- The inclusion of a requirement to give access for a tenancy home check and to provide evidence of identity to reduce potential tenancy fraud.
 - The inclusion of a provision requiring rent to be paid in advance rather in arrears.
 - The inclusion of a clause making the tenant liable to continue paying any former tenant debt that they have with us.
 - Bringing the section that relates to pet ownership into line with the policy on pets and animals.
 - Specifying that the use or consumption of drugs on premises for personal use is not permitted except where prescribed for medical purposes and explain what action would be taken for any offences under the Misuse of Drugs Act.
 - Specifying that the keeping of offensive weapons in the property is not permitted, even if they are only for ornamental purposes.
 - The inclusion of clauses relating to hoarding to make it easier for Officers to take action in cases where health and safety is being compromised.
 - Specifying that pest control is the tenant's responsibility.
 - The inclusion of provisions to stop tenants laying laminate flooring in flats.
 - Tightening up the clauses relating to parking. In particular, to prevent blocking access to garages or turning points in designated parking areas; and to compel tenants to seek permission for boats to be parked on front gardens.

3.0 Consultation

- 3.1 Section 105 of the Housing Act 1985 obliges the Council to undertake detailed consultation with tenants in relation to the review of the tenancy agreement.
- 3.2 The Council is also required to serve Notice on tenants in accordance with sections 102 and 103 of the Housing Act 1985. The Council must notify tenants that it intends to serve them with a Notice of Variation in order to change their conditions of tenancy. This must inform tenants of the key changes and their effect and give them an opportunity to comment.

- 3.3 At the end of the consultation period, a formal Notice of Variation must be sent to all tenants giving them notice of the date that the new terms and conditions come into effect. The notification period must be at least 28 days. The updated tenancy agreement can be enclosed with the Notice.
- 3.4 Once the new tenancy agreement is issued with the Notice of Variation, it will come into effect twenty-eight days later.

4.0 Key Actions and Timescales

- 4.1 The following table sets out the proposed action plan:

Task	Timescale	Action
Research good practice on Tenancy Agreements, including legal implications and challenges.	March 2015	Housing Policy Officer
Produce article for Housing News 4U newsletter (April's edition) advising tenants of Tenancy Agreement review and advertise opportunities for tenants to become involved in shaping the new agreement.	March 2015	Housing Policy Officer
Responses by interested tenants required by end of May.	May 2015	
Consultation process	April – July 2015	Front line Housing staff and other Council services areas
Set up consultation sessions with Members and staff.	April 2015	
Set up Focus group and meeting dates.	June 2015	
Commence telephone/email consultation.	June 2015	
Consultation with other services to check legality of proposed changes and ensure it complies with the Competition and Markets Authority Guidance on unfair terms in Tenancy Agreements which was originally published by The Office of Fair Trading.	June 2015	SIG, Focus group and adhoc consultation groups
Take proposals to SIG.	July 2015 (second Thursday of the month)	
Research different formats of the tenancy agreement taking into account the needs reflected in the Housing Service current tenant profile and those of future tenants.	June 2015	Housing Policy Officer
Procure printing of Preliminary Notice, new Tenancy Agreement and Notice of Variation.	June 2015	Housing Policy Officer

<p>Prepare draft tenancy agreement.</p> <p>Check draft tenancy agreement is clearly laid out and written in plain language.</p>	<p>July 2015</p> <p>July 2015</p>	<p>Housing Policy Officer</p>
<p>Prepare Preliminary Notice of variations including covering letter and list of proposed changes, inviting comment from tenants.</p>	<p>July 2015</p>	<p>Housing Policy Officer</p>
<p>Send Preliminary Notice of Variation to tenants. Send notice to all tenants by post.</p>	<p>August 2015</p> <p>Allow 4 weeks for consultation.</p>	<p>Housing Policy Officer</p>
<p>Prepare and circulate report on feedback from tenant consultation and note any amendments resulting from this to SIG for October's meeting.</p> <p>Update draft Tenancy Agreement.</p>	<p>September 2015</p>	<p>Housing Policy Officer</p>
<p>Circulate draft tenancy agreement for approval at October's SIG meeting.</p>	<p>October 2015</p> <p>(second Thursday of the month)</p>	<p>Housing Policy Officer</p>
<p>Report to Decent and Affordable Homes PDG advising of results of tenant consultation and seeking approval of the new tenancy conditions.</p>	<p>November 2015</p>	<p>Housing Services Manager and Housing Policy Officer</p>
<p>Make any further amendments to Tenancy Agreement in preparation to be sent out with Notice of Variation.</p>	<p>November 2015</p>	<p>Housing Policy Officer</p>
<p>Circulate draft tenancy agreement to all Members and insert article in the WIS.</p>	<p>November 2015</p>	<p>Housing Policy Officer, members and SIG members</p>
<p>Prepare and post notice of variation to all tenants together with a copy of the new Tenancy Agreement with commencement date.</p>	<p>TA comes into effect no less than 28 days after Notice is posted out.</p> <p>By end of November 2015</p>	<p>Housing Policy Officer and Legal</p>
<p>Staff training for sign up proposes.</p>	<p>November/beginning of December 2015</p>	<p>Housing Policy Officer</p>

Write article for Housing News 4U newsletter Xmas edition launching new Tenancy Agreement. Update website.	December 2015	Housing Policy Officer
Ad hoc Regular updates of review using social media, SMS texting and any other advertising opportunities available. Regular discussions with the Cabinet Member for Housing to discuss progress in relation to the project.	Throughout Tenancy Agreement Review period Throughout Tenancy Agreement Review period	Housing Policy Officer/Tenant Involvement Co-Ordinator Housing Policy Officer

Contact for more Information: Claire Fry, Housing Services Manager (01884 234920 cfry@middevon.gov.uk)

Circulation of the Report: Councillor Ray Stanley, Management Team

List of Background Papers: A copy of such papers to be made available for public inspection and included on Website

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Projected delivery of Affordable Housing for 31/03/14 -01/04/15

Scheme details	Delivery	Comments
11 Authurs Heights, Tiverton	1	Completed
Knowle Lane, Cullompton	9	8 Completed, final unit scheduled for completion on 19/12/14.
Old School Site, Bampton	5	Completed
Town Farm, Templeton	1	Completed
Trenavin, St Georges Hill, Crediton	5	Completion due 18/02/15
Cordwents, Halberton	3	Completion due 14/01/15
Fir Close, Willand	6	Completion due 28/02/15
Kensham Avenue, Bradninch	15	Completion due 02/15
Fannys Lane, Sandford	7	Completion due by 31/03/15
Godfreys Gardens, Bow	6	Completion due by 31/03/15
Total projected delivery	58	

Projected delivery of Affordable Housing for 31/03/15 - 01/04/16

Scheme details	Delivery	Comments
St Andrews Street, Tiverton	14	Completion due August 2015
Silver Street, Willand	7	Awaiting S106. Due to start on site 01/03/15
Howden Court, Tiverton	2	On site. Project completion of 2 out of the 6 AH units
Woodland Close, Bampton	4	Planning granted. Due to start on site imminently
Belmont Hospital, Tiverton	5	On site.
Cummings Nursery, Cullompton	5	Reserved matters going to committee in Feb ' 2015. Project completion of 5 out of the 38
Farleigh Meadows, Tiverton	10	Awaiting decision notice. Project completion of 10 out of the 65 AH units
Yeoford Road, Cheriton Bishop	8	CLT scheme. Full planning application about to come in.
Birchen Lane, Tiverton	4	Planning application submitted.
Burlescombe	6	Planning application due to be submitted early in new year
Total projected delivery	65	

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