

# Public Document Pack

Mid Devon District Council

## Homes Policy Development Group

Tuesday, 14 November 2017 at 2.15 pm  
Exe Room, Phoenix House, Tiverton

Next ordinary meeting  
Tuesday, 16 January 2018 at 2.15 pm

Those attending are advised that this meeting will be recorded

## Membership

Cllr W J Daw (Chairman)  
Cllr Mrs E M Andrews  
Cllr Mrs H Bainbridge  
Cllr D R Coren  
Cllr Mrs G Doe  
Cllr R J Dolley  
Cllr P J Heal  
Cllr F W Letch  
Cllr J D Squire

## 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 - 8)

To approve as a correct record the minutes of the meeting held on 12 September 2017 (copy attached).

### 4      **Chairman's Announcements**

To receive any announcements that the Chairman may wish to make.

5 **Performance and Risk Report for 2017-2018** *(Pages 9 - 18)*

To receive a report from the Director of Operations providing Members with an update on performance against the Corporate Plan and local service targets for 2017/18 as well as providing an update on the key business risks.

6 **Financial update for the six months to 30 September 2017** *(Pages 19 - 42)*

To receive a report from the Director of Finance, Assets & Resources presenting a financial update in respect of the income and expenditure so far in the year.

7 **Draft 2018/19 General Fund and Capital Budgets** *(Pages 43 - 66)*

To receive a report from the Director of Finance, Assets & Resources considering the options available in order for the Council to set a balanced budget for 2018/19 and agree a future strategy for further budget reductions for 2019/20 onwards.

8 **HRA Medium Term Financial Plan** *(Pages 67 - 76)*

To receive a report from the Director of Finance, Assets & Resources and the Director of Operations providing an estimate of the budget required for the operation of the Housing Revenue Account (HRA) from 2018/19 – 2021/22.

9 **Draft 2018/19 Housing Revenue Account (HRA) Budget** *(Pages 77 - 88)*

To receive a report from the Director of Finance, Assets & Resources and the Director of Operations considering the options available in order for the Council to set a balanced budget for 2018/19 and agree a future strategy for further budgetary planning for 2019/20 onwards.

10 **MDDC actions post Grenfell**

To receive a presentation regarding the actions the Council has put in place following the Grenfell Tower disaster.

11 **Identification of items for the next meeting**

Members are asked to note that the following items are already identified in the work programme for the next meeting:

- Performance and Risk
- Financial Monitoring
- Community Housing Fund Grant Policy

- Severe Weather Emergency Protocol and Extended Winter provision Protocol
- Gas safety Policy
- Rechargeable Repairs
- Tenancy Policy (dependent on the release of the Regulations)
- Tenancy Strategy (dependent on the release of the Regulations)

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

**Stephen Walford**  
Chief Executive  
Monday, 6 November 2017

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 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](mailto:slees@middevon.gov.uk)

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## MID DEVON DISTRICT COUNCIL

**MINUTES** of a **MEETING** of the **HOMES POLICY DEVELOPMENT GROUP** held on 12 September 2017 at 2.15 pm

### **Present**

#### **Councillors**

Mrs H Bainbridge, D R Coren, W J Daw,  
Mrs G Doe, R J Dolley, P J Heal, F W Letch  
and J D Squire

### **Apology**

#### **Councillor**

Mrs E M Andrews

### **Also Present**

#### **Councillor**

C J Eginton

### **Also Present**

#### **Officers**

Andrew Pritchard (Director of Operations), Mark Baglow (Building Services Manager), Claire Fry (Housing Services Manager), Simon Newcombe (Public Health and Professional Services Manager), Catherine Yandle (Internal Audit Team Leader), Roderick Hewson (Principal Accountant), Rosie Williams (Building Services Office Manager) and Sarah Lees (Member Services Officer)

## 25 **APOLOGIES AND SUBSTITUTE MEMBERS**

Apologies were received from Councillor Mrs E M Andrews.

## 26 **PUBLIC QUESTION TIME**

There were no members of the public present.

## 27 **MINUTES**

The minutes of the meeting held on 18 July 2017 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

## 28 **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

- He reminded the Group that an informal workshop would follow this meeting.
- There would be a Landlord Networking event on 8<sup>th</sup> November at Muddifords Court Country House to which all Group members were welcome.

## 29 **PERFORMANCE AND RISK REPORT FOR 2017-18 (00:03:40)**

The Group had before it, and **NOTED**, a report \* from the Director of Operations providing it with an update on performance against the Corporate Plan and local service targets for 2017/18 as well as providing an update on the key business risks.

The report highlighted those housing areas with targets that were most closely linked to the aims of the Corporate Plan. It was noted that 23 empty homes had been brought back into use against an annual target of 25 which was excellent. A further update was provided informing the Group that the target of 25 had already been exceeded since the report had been written which was further good news. The number of 'Affordable Homes Delivered' was 26 for the first quarter of 2017/18, the first time that target had been exceeded for over 2 years. However 'Rent Arrears as a Proportion of Annual Rent Debit' was 1.30%, against a target of 1%. The impact of welfare reform was likely to make this situation worse.

Discussion took place regarding the risk associated with evictions and the possibility of those tenants being evicted becoming violent towards officers. It was explained that the Housing Department was doing all it could to ensure the well-being and safety of its officers. There was a framework of supervision in place. Officers were able to meet with their managers on a regular basis, there was also peer support and counselling was available if needed. As a department they were experiencing more challenging behaviour but the Housing Services Manager stated that she was satisfied that there were sufficient mitigating actions in place.

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

### 30 **FINANCIAL MONITORING (00:09:15)**

The Group had before it, and **NOTED**, a report \* from the Director of Finance, Assets & Resources presenting a financial update in respect of the income and expenditure so far in the year.

The key highlights within the report were as follows:

- Overall the situation regarding the Housing Revenue Account was very positive, however, there was a variance against budget of £5k in the area of General Fund Housing, this could easily improve by the end of the financial year.
- Currently there was a £40k shortfall on dwelling rent income but again it was stated that this could improve by the financial year end.
- £120k surplus had been generated by adaptations work.

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

### 31 **TENANT COMPENSATION POLICY (00:12:44)**

The Group had before it a report \* from the Director of Operations advising Members of the revised Tenant Compensation Policy.

The policy had been due for review and only minor changes were proposed which included the following:

- The proposed policy had been altered to reflect the information in the new Tenancy Agreement and the format of the MDDC website.
- It included further information to clarify the position on compensation claims for external areas including sheds, outhouses and garages.

- It also clarified the position on items damaged during planned demolition works.
- It was designed to be in line with the Rechargeable Repairs Policy, in order that there was fairness in terms of what the Council expected from its tenants and what tenants expected from the Council.

**RECOMMENDED** to the Cabinet that the revised Tenant Compensation Policy be approved.

(Proposed by the Chairman)

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

## 32 **WESSEX SCHEME**

The Public Health and Professional Services Manager provided the Group with an update on the Wessex Scheme which included information that had been received only that morning.

The following background information was provided:

- Originally the scheme had been designed to assist people to stay in their own homes but who were unable to raise sufficient finance to carry out necessary improvements. The Council had invested a large sum of money in the Wessex Scheme and was part of a wider consortia of Devon authorities.
- In the past large numbers of people had been lost through the process and the scheme had been performing badly. It had been decided to run a pilot for 6 months to see if performance could be improved. This had included extending the range of works that could qualify for a loan rather than those just specified as a specific hazard. It also introduced a new, quicker application process.

The results of the pilot were summarised as follows:

- In the previous financial year just 2 loans had been issued to the value of £17k, however, in the year to date this figure was now approaching £80k (split between £56k drawn down and the remainder committed).
- In 2015 it had taken 29 weeks to complete a loan application as a result of necessary checks and survey's etc. Wessex had been losing 80% of their customers through this process. Since the pilot had streamlined the scheme new targets had been set with a target date for the completion of an application being reduced to 8 weeks. The decline rate had now reduced from 80% to 40%.
- The situation was much improved with the average time taken to process a loan falling to 10 weeks and 70% of applications being completed within the required 8 weeks. This represented a significant improvement.
- Of those that had declined the uptake of a loan in the last 6 months this had been largely due to them finding an alternative to a loan, such as family members providing financial assistance or support from their bank.
- There had been a recovery rate of 100% in terms of those people who had taken up a loan.
- 40% of referrals were coming from external organisations such as AGE UK.
- It was a difficult target audience without a common demographic.

- Discussions were currently underway with Wessex regarding a new marketing plan for the coming year and there was a new online application process.
- There was a lot of competition within the market from pay day loans which often provide fast access to loans, typically at significant higher interest rates however.
- A further review would take place later in the year.
- It was stated that credit should go to Wessex for identifying the problems and for improving performance through the pilot working closely with the Council's Private Sector Housing Team.

Discussion took place regarding:

- Very low bad debt rates.
- The maximum loan available was capped at £15k, however, if an application was received for just over this £, it would be considered as there was some discretion within the lending policy.
- The interest rate for a Wessex Loan was currently 4%.
- The results of the pilot were very encouraging.

### 33 IDENTIFICATION OF ITEMS FOR THE NEXT MEETING

In addition to the items already listed in the work programme for the next meeting, the following was requested to be on the agenda:

- Allocation of funds for community led housing
- Rechargeable Repairs
- Draft Housing Revenue Account and General Fund budget for 2018/19
- Post Grenfell considerations regarding the Council's housing stock

(The meeting ended at 2.52 pm)

**CHAIRMAN**



**HOMES PDG**  
**14 NOVEMBER 2017**

## **PERFORMANCE AND RISK REPORT FOR 2017-18**

**Cabinet Member** Cllr Ray L Stanley  
**Responsible Officer** Director of Operations, Andrew Pritchard

**Reason for Report:** To provide Members with an update on performance against the corporate plan and local service targets for 2017/18 as well as providing an update on the key business risks.

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

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

**Financial Implications:** None identified

**Legal Implications:** None

**Risk Assessment:** If performance is not monitored we may fail to meet our corporate and local service plan targets or to take appropriate corrective action where necessary. If key business risks are not identified and monitored they cannot be mitigated effectively.

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

### **1.0 Introduction**

- 1.1 Appendix 1 provides Members with details of performance against the Corporate Plan and local service targets for the 2017/18 financial year.
- 1.2 Appendix 2 shows the section of the Corporate Risk Register which relates to the Homes Portfolio. See 3.0 below.
- 1.3 Appendix 3 shows the profile of all risks for Homes for this quarter.
- 1.4 All appendices are produced from the corporate Service Performance And Risk management system (SPAR).

### **2.0 Performance**

- 2.1 Regarding the Corporate Plan Aim: **Build more council houses:** No new **Council Houses** were completed in 2016/17 nor so far in 2017/18 however work is progressing on Birchen Lane and Palmerston Park, both due for completion in 2018.

- 2.2 Regarding the Corporate Plan Aim: **Facilitate the housing growth that Mid Devon needs, including affordable housing:** 43 empty homes have been brought back into use in the first 6 months against an annual target of 25 for 2017/18 which is excellent.
- 2.3 Regarding the Corporate Plan Aim: **Planning and enhancing the built environment:** The Local Plan is of course key to this; having taken legal advice and reviewed the statements of participants who would take part in the hearings a deferment has been requested to allow an independent review of the major modifications stage sustainability appraisal. This has been commissioned but a delay in the order of 6 months is expected.
- 2.4 **Percentage of Properties with a Valid Gas Safety Certificate (LGSR):** the two expired properties are subject to possession proceedings by the tenancy service. MDDC are unable to cap the gas supply of occupied properties even where the LGSR has expired.
- 2.5 As predicted the impact of welfare reform is now being felt and arrears are increasing; the service will be looking at ways to mitigate this in the Service Business Plan for next year. As the effects of the introduction of Universal Credit bite we cannot expect to continue achieving collection rates of 100%.
- 2.6 When benchmarking information is available it is included.

### **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 total score of 10 or more. (See Appendix 2)
- 3.2 Appendix 3 shows the risk matrix for MDDC for this quarter. If risks are not scored they are included in the matrix at their inherent score which will be higher than their current score would be.

### **4.0 Conclusion and Recommendation**

- 4.1 That the PDG reviews the performance indicators and risks for 2017/18 that are outlined in this report and feeds back any areas of concern to the Cabinet.

**Contact for more Information:** Catherine Yandle, Group Manager for Performance, Governance and Data Security ext 4975

**Circulation of the Report:** Management Team and Cabinet Member

## Corporate Plan PI Report Homes

Monthly report for 2017-2018  
 Arranged by Aims  
 Filtered by Aim: Priorities Homes  
 For MDDC - Services

## Key to Performance Status:

Performance Indicators:

No Data

Well below  
target

Below target

On target

Above target

Well above  
target

\* indicates that an entity is linked to the Aim by its parent Service

## Corporate Plan PI Report Homes

## Priorities: Homes

## Aims: Build more council houses

## Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Build Council Houses</u>	0 (2/4)	0	13	0	0	0	0	0	0							0 (6/12)	Angela Haigh	

## Aims: Facilitate the housing growth that Mid Devon needs, including affordable housing

## Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Number of affordable homes delivered (gross)</u>	19 (2/4)	31	80	n/a	n/a	26	n/a	n/a	33	n/a	n/a		n/a	n/a		33 (2/4)	Angela Haigh	
<u>Deliver 15 homes per year by bringing Empty Houses into use</u>	5 (6/12)	33	25	7	11	13	23	34	43							43 (6/12)	Simon Newcombe	

## Aims: Other

## Performance Indicators

Title	Prev Year (Period)	Prev Year End	Annual Target	Apr Act	May Act	Jun Act	Jul Act	Aug Act	Sep Act	Oct Act	Nov Act	Dec Act	Jan Act	Feb Act	Mar Act	Actual to Date	Group Manager	Officer Notes
<u>Number of Successful Homelessness Prevention Cases</u>	136 (2/4)	295	No Target - for information only	n/a	n/a		99	n/a	n/a	159	n/a	n/a	n/a	n/a		159 (2/4)	Angel Haigh	
<u>% Decent Council Homes</u>	99.97% (6/12)	100.00%	100.0%	99.9%	99.9%	100.0%	99.9%	100.0%	100.0%							100.0% (6/12)	Mark Baglo	
<u>% Properties With a Valid Gas Safety Certificate</u>	99.96% (6/12)	99.86%	100.0%	99.95%	99.64%	99.87%	99.82%	99.96%	99.91%							99.91% (6/12)	Angel Haigh	
<u>Rent Collected as a Proportion of Rent Owed</u>	99.56% (6/12)	100.18%	100.0%	93.76%	95.18%	96.25%	96.87%	99.14%	98.73%							98.73% (6/12)	Angel Haigh	
<u>Current Tenant Arrears as a Proportion of Annual Rent Debit</u>	1.02% (6/12)	0.60%	1.00%	0.93%	1.06%	1.16%	1.30%	1.26%	1.30%							1.30% (6/12)	Angel Haigh	
<u>Dwelling rent lost due to voids</u>	0.6% (6/12)	0.5%	no target - for information only	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%							0.5% (6/12)	Angel Haigh	
<u>Average Days to Re-Let Local Authority Housing</u>	17.3days (6/12)	15.7days	16.0days	14.0days	13.9days	14.9days	14.1days	13.8days	14.3days							14.3days (6/12)	Angel Haigh	

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## Homes PDG Risk Management Report - Appendix 2

Report for 2017-2018

For Homes - Cllr Ray Stanley Portfolio

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

For MDDC - Services

Filtered by Performance Status: Exclude Risk Status: Low

Not Including Risk Child Projects records or Mitigating Action records

Key to Performance Status:

Risks: No Data (0+) High (15+) Medium (6+) Low (1+)

### Homes PDG Risk Management Report - Appendix 2

**Risk: Affordable and Council Housing Demand** Housing supply does not meet local demand or reflect demographic shifts like increased demand for single occupancy

**Effects (Impact/Severity):**

- Increased costs for paying for private accommodation to house homeless
- Increase in number of homeless people in Mid Devon

**Causes (Likelihood):**

- Impact of economic downturn and reduced funding has reduced number of affordable housing units being built
- Under-occupation in existing stock
- Reduction in number of Right to Buys results in less HRA funding available for new builds

Service: Housing Services

**Current Status: Medium (12)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 3 - Medium**

Service Manager: Claire Fry

**Review Note:** There is still a significant deficit between permissions granted and build-out rates

**Risk: Evictions** Tenants being evicted could become violent.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Housing Services

**Current Status: Medium (10)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

Service Manager: Claire Fry

**Review Note:**

**Risk: Five year housing land Supply** Risk: Housing land supply. Inability to demonstrate the required 5 year housing land supply (+20% ) until Local Plan Review approved

**Effects (Impact/Severity):** Effects (Impact /severity):

- Receipt of speculative housing applications in unplanned locations with less community benefit and less infrastructure / coordination compared with allocated sites.

## Homes PDG Risk Management Report - Appendix 2

- Objections
- Pressure on major application appeal performance (Government indicator of quality of decision making). Risk of intervention: loss of fee and less local control over major application decision making.

**Causes (Likelihood):** - Lack of sufficient housing completions, housing market conditions.

**Service:** Planning

**Current Status: High (15)**

**Current Risk Severity: 3 - Medium**

**Current Risk Likelihood: 5 - Very High**

**Service Manager:** Jenny Clifford

**Review Note:** Found to not have sufficient housing supply at appeal. Mitigation principally via new Local Plan once adopted. Close monitoring of applications, decisions and associated appeal performance.

**Risk: Hoarding** Some tenants are known hoarders but we have policies in place and we do regular inspections.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

**Service:** Housing Services

**Current Status: Medium (10)**

**Current Risk Severity: 5 - Very High**

**Current Risk Likelihood: 2 - Low**

**Service Manager:** Claire Fry

**Review Note:**

**Risk: Homelessness** Insufficient resources to support an increased homeless population could result in failure to meet statutory duty to provide advice and assistance to anyone who is homeless.

**Effects (Impact/Severity):** - Dissatisfied customers and increase in complaints.

- This will involve an increase in officer time in dealing with Homelessness prevention and early intervention.
- Possible increase in temporary accommodation usage.

**Causes (Likelihood):** - Social and economic factors like the recession and mortgage reposessions increase the number of homeless.  
- Lack of private sector housing.

**Service:** Housing Services

**Current Status: High (16)**

**Current Risk Severity: 4 - High**

**Current Risk Likelihood: 4 - High**

**Service Manager:** Claire Fry

**Review Note:**

## Homes PDG Risk Management Report - Appendix 2

**Risk: Impact of Welfare Reform and other emerging National Housing Policy** Changes to benefits available to tenants could impact upon their ability to pay.  
Other initiatives could impact upon our ability to deliver our 30 year Business Plan.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Housing Services

**Current Status: High  
(15)**

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 3 - Medium

Service Manager: Claire Fry

**Review Note:**

**Risk: New Homes** A low housing build rate would equal less affordable housing resulting in a reduction in potential New Homes Bonus

**Effects (Impact/Severity):** - Loss of Affordable Housing Income Section 106

- Failure to meet targets in Development Plan

- Potentially unallocated sites being developed as 5-year housing supply reduces

**Causes (Likelihood):**

Service: Planning

**Current Status: Medium  
(12)**

Current Risk Severity: 4 - High

Current Risk Likelihood: 3 - Medium

Service Manager: Jenny Clifford

**Review Note:**

**Risk: Reputational re Council Housing Stock** Handling a disaster/mistake properly would prevent any reputation damage.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Housing Services

**Current Status: Medium  
(10)**

Current Risk Severity: 5 - Very High

Current Risk Likelihood: 2 - Low

Service Manager: Claire Fry

**Review Note:**

## Homes PDG Risk Management Report - Appendix 2

**Risk: Stress** The physical and mental well-being of Officers could be affected by work environment and pressures caused by work demands and work relationships.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Housing Services

**Current Status: Medium (12)**

Current Risk Severity: 3 - Medium

Current Risk Likelihood: 4 - High

Service Manager: Claire Fry

**Review Note:**

**Risk: Tenants with Complex Needs** As our housing stock shrinks, the proportion of such tenants will increase.

**Effects (Impact/Severity):**

**Causes (Likelihood):**

Service: Housing Services

**Current Status: Medium (12)**

Current Risk Severity: 4 - High

Current Risk Likelihood: 3 - Medium

Service Manager: Claire Fry

**Review Note:**

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Print Date: 20 October 2017  
16:06



# Risk Matrix Homes Appendix 3

**Report**  
**Filtered by Service: Housing Services**  
**Current settings**

<b>Risk Likelihood</b>	<b>5 - Very High</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>	<b>No Risks</b>	<b>1 Risk</b>
	<b>4 - High</b>	<b>No Risks</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>1 Risk</b>	<b>4 Risks</b>
	<b>3 - Medium</b>	<b>No Risks</b>	<b>No Risks</b>	<b>2 Risks</b>	<b>3 Risks</b>	<b>1 Risk</b>
	<b>2 - Low</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>2 Risks</b>	<b>No Risks</b>	<b>1 Risk</b>
	<b>1 - Very Low</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>No Risks</b>	<b>1 Risk</b>	<b>No Risks</b>
		<b>1 - Very Low</b>	<b>2 - Low</b>	<b>3 - Medium</b>	<b>4 - High</b>	<b>5 - Very High</b>
		<b>Risk Severity</b>				

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Print Date: 20 October 2017  
 12:45

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HOMES PDG  
14 NOVEMBER 2017

## FINANCIAL UPDATE FOR THE SIX MONTHS TO 30 SEPTEMBER 2017

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Andrew Jarrett – Director of Finance, Assets & Resources

**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 to 30 September 2017.

2. The Cabinet approve bringing forward a sum of £45k in order to refurbish the dry side changing rooms, disabled toilets and shower rooms at Exe Valley Leisure Centre. (See para 6.6 below)

**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.

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

### 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 2018. It embraces both revenue, in respect of the General Fund and the Housing Revenue Account (HRA), and capital and aims to focus attention on those areas which are unlikely to achieve budget. It is particularly important for next year's budget setting and, looking further ahead, 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 of circa £10k as the purpose of the report is to concentrate on material issues that may require further investigation/action.

### 2.0 Executive Summary of 2017/18

- 2.1 The table below shows the opening position of key operational balances of the Council, the forecast in year movements and final predicted position at 31 March 2018:

<b>Usable Reserves</b>	<b>31/03/2017</b>	<b>Forecast in year movement</b>	<b>31/03/2018</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
<b><i>Revenue</i></b>			
General Fund (see paragraph 3.2)	<b>(2,241)</b>	<b>181</b>	<b>(2,060)</b>
Housing Revenue Account (see paragraph 4.2)	<b>(2,000)</b>	<b>0</b>	<b>(2,000)</b>
<b><i>Capital</i></b>			
Major Repairs Reserve	<b>0</b>	<b>0</b>	<b>0</b>
Capital Receipts Reserve	<b>(2,438)</b>	<b>(1,423)</b>	<b>(3,861)</b>
Capital Contingency Reserve	<b>(471)</b>	<b>165</b>	<b>(306)</b>

### 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 £2,241k as at 31/03/17.
- 3.2 The forecast General fund deficit for the current year is £181k (an increase of £108k since the annual variance of £73k was reported for July) as shown at Appendix A. The most significant movements this month comprise:

Vacant posts in Environmental Services	(£36k)
Net overspend forecast in Grounds maintenance	£43k
3 Rivers Development set-up costs	£20k
Salary underspend in Property services net of agency costs	(£21k)
Reduced income / increased costs in Market Walk	£50k
Recycling income	(£20k)
Utilities and maintenance in Leisure Facilities greater than budget	£58k
Planning fees above budget, partially offset by increased costs in Forward Planning	(£70k)
Development Control staff savings reported in July now expected to be spent in latter part of the year	£33k

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

### 4.0 Housing Revenue Account (HRA)

- 4.1 This is a ring-fenced account in respect of the Council's social housing function. Major variances and proposed corrective action are highlighted at Appendix F.
- 4.2 Appendix E shows that the reserve opening balance is £2m. It is anticipated that the forecast variance of £7k surplus will increase the budgeted transfer to the Housing Maintenance Fund and so the HRA reserve balance should remain at £2m.
- 4.3 Overall, the HRA is forecast to underspend by £7k in 2017/18, made up of two deficits and several surpluses, the most significant of which comprise the following:
- £59k rent shortfall is due to dwelling rents being 0.5% behind target
  - £130k relates to major works since £2,405k is planned to be spent against the £2,275k budget
  - £76k of savings across Repairs & Maintenance, made up of the following
    - £60k surplus generated by the Direct Labour Operation (DLO) carrying out more adaptation work than planned
    - £16k of various staffing savings including apprentice vacancies
  - £43k underspend across Housing and Tenancy Services, made up of a number of small underspends that make up this total amount
- 4.4 There is a budgeted revenue contribution to capital purchases as follows for 2017/18.

<b>Description</b>	<b>Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
1 x Tipper Vehicle	32	21	(11)

- 4.5 The following works are expected to be funded from the Housing Maintenance Fund during 2017/18.

<b>Description</b>	<b>Budget £'000</b>	<b>Forecast Outturn £'000</b>	<b>Variance £'000</b>
Birchen Lane re-development	147	147	0
Palmerston Park	1,205	573	(632)
Queensway development	209	61	(148)
Burlescombe development	214	0	(214)
Stoodleigh development	223	0	(223)
Land Acquisition for Affordable Housing	1,851	251	(1,600)
	<b>3,849</b>	<b>1,032</b>	<b>(2,817)</b>

In addition, £25k is planned to be spent on sewage treatment works and funded by an earmarked reserve.

## **5.0 Major Repairs Reserve**

- 5.1 The Major Repairs Reserve had a nil balance at 31 March 2017. After this year's capital expenditure and funding of the Major Repairs Reserve the closing balance is forecast to be £0k.

## **6.0 Capital Programme**

- 6.1 Capital projects by their very nature often overlap financial years. In some cases it is known from the outset that the construction of buildings may fall into 3 separate accounting years. The status of this year's capital programme is shown at Appendix G.
- 6.2 Committed and Actual expenditure is currently £7,975k against a budgeted Capital Programme of £22,620k. (Note this includes £9,184k of slippage rolled forward from 16/17). As projects often overlap financial years officers have given their best estimate of what is 'deliverable' in 17/18; this amounts to £10,530k. Committed and Actual expenditure will therefore be monitored against this & currently shows an uncommitted amount of £2,555k (£10,530k - £7,975k).
- 6.3 The reduction in the approved Capital Programme to the 'deliverable' programme includes £5,114k in relation to the development project at the rear of the Town Hall which will now be delivered by the Special Purpose Vehicle Company (SPV).
- 6.4 Now we are 6 months into the financial year, forecast (Underspends) and Overspends amount to a net forecast underspend of (£5,116k), this mainly relates to the project at the rear of the Town Hall referred to in para 6.3 above. Please refer to appendix G for a full breakdown.
- 6.5 Forecast slippage into 18/19 financial year has also been reviewed; this amounts to £7,144k. Of this £6,541k relates to council house build projects

that will cross the financial year and land acquisition for affordable housing. Again please refer to appendix G for a full breakdown.

- 6.6 As part of the wider enhancement works being carried out at Eve Valley Leisure Centre the property team have suggested some essential maintenance work to refurbish the dry side changing rooms, disabled toilets and shower rooms programmed for next year be delivered in conjunction with exiting works in order to all be operational with effect from 1<sup>st</sup> January 2018. (See Cabinet recommendation 2 above)

## 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 2017	(471)
Funding required to support 2017/18 Capital Programme	165
<b>Forecast Balance at 31 March 2018</b>	<b>(306)</b>

## 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 2017	(2,438)
Net Receipts to date (includes 13 "Right to Buy" Council House sales & sale of land at Station Yard & MSCP)	(2,241)
<b>Current Balance</b>	<b>(4,679)</b>
Forecast further capital receipts in year	(700)
Forecast capital receipts to be applied in year	1,518
Forecast Unapplied Capital Receipts c/fwd. 31 March 2018	<b>(3,861)</b>

- 8.2 Please note the majority of these balances on the Capital Contingency Reserve and the Capital Receipts Reserve are required to balance the Medium Term Financial Strategy.

## 9.0 Treasury Management

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

Interest Receivable:

	Budget £k	Forecast outturn £k	Forecast variance £k
Investment Income Received	(259)	(259)	0
Interest from HRA funding	(54)	(54)	0
<b>Total Interest Receivable</b>	<b>(313)</b>	<b>(313)</b>	<b>0</b>

## 10.0 Conclusion

- 10.1 Members are asked to note the revenue and capital forecasts for the financial year. Managers are working hard to offset overspends, many unavoidable or unforeseen, with budget savings to deliver an outturn close to the budget.
- 10.2 The work undertaken to produce this monitoring information to 30th September 2017 has been used to inform the 18/19 Budget setting process and Medium Term Financial Plan that is also being reported to this Cabinet meeting.

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**Circulation of the Report:**

Cllr Peter Hare-Scott, Management Team



# GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

		Note	2017/18 Annual Budget	Full Year Forecast	Variance
Com	General Fund Summary		£	(0 = On budget) £	%
	<b>Cllr C J Eginton</b>				
CM	Corporate Management	A	1,587,680	0	0.0%
LD	Legal & Democratic Services: Member/Election Services	B	576,570	0	0.0%
PR	Land charges	Q	(32,830)	0	0.0%
GM	Grounds Maintenance	E	541,150	43,000	7.9%
ES	Cemeteries & Bereavement Services	D	(34,850)	(5,000)	14.3%
WS	Waste Services	H	1,598,920	(30,000)	-1.9%
	<b>Cllr C R Slade</b>				
CD	Community Development	I	82,700	2,300	2.8%
ES	Environmental Services incl. Licensing	D	599,780	(32,500)	-5.4%
ES	Open Spaces	F	85,410	13,800	16.2%
IT	IT Services	Q	859,450	23,000	2.7%
RS	Recreation And Sport	J	46,640	224,000	480.3%
	<b>Cllr P H D Hare-Scott</b>				
FP	Finance And Performance	K	592,620	(13,800)	-2.3%
RB	Revenues And Benefits	L	256,180	22,900	8.9%
CP	Car Parks	C	(592,390)	7,200	1.2%
	<b>Cllr R L Stanley</b>				
ES	ES: Private Sector Housing Grants	D	163,900	0	0.0%
HG	General Fund Housing	M	251,340	5,000	2.0%
PS	Property Services	G	218,850	65,000	29.7%
	<b>Cllr R J Chesterton</b>				
CD	Community Development: Markets	I	34,420	10,000	-29.1%
PR	Planning And Regeneration	N	1,223,710	(256,630)	-21.0%
	<b>Cllr M Squires</b>				
CS	Customer Services	O	794,300	(12,000)	-1.5%
ES	Environment Services - Public Health	D	94,860	0	0.0%
HR	Human Resources	P	416,110	10,000	2.4%
LD	Legal & Democratic Services: Legal Services	B	255,200	(4,000)	-1.6%
	<b>All General Fund Services</b>		<b>9,619,720</b>	<b>72,270</b>	<b>0.8%</b>
	Net recharge to HRA		(1,245,730)	0	
IE260	Interest Payable		143,680	0	
IE290	Interest Receivable on Investments		(254,000)	0	
IE290	Interest from Funding provided for HRA		(54,000)	(677)	
IE435	New Homes Bonus Grant		(1,721,980)	0	
	Sundry Grants			0	
IE800	Statutory Adjustments (Capital charges)		398,370	0	
TREMR	Net Transfer to/(from) Earmarked Reserves	APP B	1,645,010	109,832	
	<b>TOTAL BUDGETED EXPENDITURE</b>		<b>8,531,070</b>	<b>181,425</b>	<b>2.1%</b>
30/IE440	Formula Grant (RSG & NNDR)		(2,762,760)	0	
IE431	Rural Services Delivery Grant		(374,510)	0	
IE432	Transitional Grant		(31,510)	0	
IE410	Council Tax		(5,356,390)	0	
IE439	CTS Funding Parishes		46,960	0	
IE420	Collection Fund Surplus		(52,860)	0	
	<b>TOTAL BUDGETED FUNDING</b>		<b>(8,531,070)</b>	<b>0</b>	<b>0%</b>
	<b>Forecast in year (Surplus) / Deficit</b>		<b>0</b>	<b>181,425</b>	
EQ700	General Fund Reserve 01/04/17			(2,241,085)	
	<b>Forecast General Fund Balance 31/03/18</b>			<b>(2,059,660)</b>	

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## GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Note	Description of Major Movements	Full year variance (net of transfer to EMR)	PDG
<b>A</b>	<b>Corporate Management</b>		Cabinet
		0	
<b>B</b>	<b>Legal &amp; Democratic Services</b>		
	Minor variances in Electoral Registration	0	Cabinet
	Minor variances in Legal Services	(4,000)	Cabinet
		(4,000)	
<b>C</b>	<b>Car Parks</b>		
	P&D income forecast for yearend down against budget by £20k, £6k of this relates to the installation of the new P&D machines.	20,000	Economy
	Income from off-street fines is forecasted to be above budget	(20,000)	Economy
	Day Permit income expected to be down against budget at yearend	4,000	Economy
	Premises overspend across Parking Services forecast	8,200	Economy
	Car Park machine maintenance budget underspend due to the implementation of the new P&D machines	(5,000)	Economy
		7,200	
<b>D</b>	<b>Environmental Services combined</b>		
	Cemetery income above profile for the 1st Qtr, will review month by month.	(5,000)	Environment
	Anticipated Licensing income over and above budget.	(9,500)	Environment
	Licensing Officer post now full time.	13,000	Environment
	Environmental Enforcement salary savings due to vacant District Officers post.	(26,000)	Environment
	Environmental Health salary savings due to vacant Environmental Officers post	(10,000)	Environment
		(37,500)	
<b>E</b>	<b>Grounds Maintenance</b>		
	Salary underspends due to vacant posts	(27,000)	Environment
	Agency overspends	40,000	Environment
	Overspend on Plant/Vehicle running costs	10,000	Environment
	Insurance Excess from break in at Park Nursery Depot	10,000	Environment
	Equipment costs overspend	5,000	Environment
	Grass cutting contribution from Parishes & Towns not as high as budgeted	5,000	Environment
		43,000	
<b>F</b>	<b>Open Spaces</b>		
	Amory Park Income contribution no longer received	4,800	Environment
	Sponsorship income down against budget	3,000	Environment
	Play Area maintenance budget overspend	6,000	Environment
		13,800	
<b>G</b>	<b>Property Services</b>		
	3 Rivers Development set-up costs re Legal & Tax advice	20,000	Homes
	No rental income for Station Yard due to sale of the asset	16,000	Homes
	Salary underspend in Property Services due to vacant posts	(45,000)	Homes
	Agency overspend in Property Services	24,000	Homes
	Reduced income and increased costs from Market Walk vacant shop units	50,000	Homes
		65,000	
<b>H</b>	<b>Waste Services</b>		
	Trade waste - income is down due to losing a couple of big customers	40,000	Environment
	Trade waste - less in landfill disposal charges	(40,000)	Environment
	Recycling income and haulage prices better than budgeted	(30,000)	Environment
		(30,000)	
<b>I</b>	<b>Community Development</b>		
	Market Income - Market Manager actively seeking new traders, however footfall in Tiverton is down	10,000	Economy
	Grant spend (covered by Seed Fund ear marked reserve)	2,300	Cabinet
		12,300	
<b>J</b>	<b>Recreation And Sport</b>		
	All sites Income: revised growth based upon 16/17 Outturn	138,000	Community
	All sites Rates: charges exceeded annual budget	9,000	Community
	All sites Water: charges higher than anticipated	20,000	Community
	All sites Maintenance: Responsive works greater than anticipated	35,000	Community

## GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Note	Description of Major Movements	Full year variance (net of transfer to EMR)	PDG
	All sites Energy costs: Electricity & Gas increases from prior year 16-17	12,000	Community
	One off marketing and advertising expenditure	10,000	Community
		224,000	
<b>K</b>	<b>Finance And Performance</b>		
	Salary saving from vacant Finance Manager has been partially off-set by an additional Principal Accountant	(8,000)	Cabinet
	Procurement Manager's recharge to Torridge District Council	(5,800)	Cabinet
		(13,800)	
<b>L</b>	<b>Revenues And Benefits</b>		
	Housing Benefit Subsidy	(20,000)	Community
	Benefits Local Welfare Assistance Scheme (covered by EMR)	42,900	Community
		22,900	
<b>M</b>	<b>General Fund Housing</b>		
	Minor variances	5,000	Homes
		5,000	
<b>N</b>	<b>Planning And Regeneration</b>		
	Building Control Partnership Income - Manager forecast	27,000	Community
	Enforcement: Salary saving from staff vacancy (now filled) partially offset by costs recently awarded against the authority	(2,500)	Community
	Development Control: Saving on staff vacancies now to be spent on additional resources in second half of the year	0	Community
	Development Control: Fee income (partly used to fund additional resources required in Forward Planning, see below)	(100,000)	Community
	Tiverton EUE: Ongoing expenditure (fully funded from EMR)	11,300	Community
	Garden Village: Ongoing expenditure (fully funded from EMR)	51,000	Community
	Business Development - Temporary Grants and Funding Officer post (not required from EMR)	(21,730)	Community
	Business Development - Town Centre Manager post filled for part of year (not required from EMR)	(31,700)	Community
	Forward Planning: Additional resources required due to workload - funded from additional Development Control income	30,000	Community
	Planning Policy: Ongoing expenditure (fully funded from EMR)	36,000	Community
	Statutory Development Plan: most of the expenditure now expected to fall into 2018/19; the transfer from reserves will therefore be reduced from the budgeted figure	(256,000)	Community
		(256,630)	
<b>O</b>	<b>Customer Services</b>		
	Comms Manager post reintroduced to the establishment (est)	11,000	Cabinet
	Digital transformation post will not be filled in financial year	(23,000)	Cabinet
		(12,000)	
<b>P</b>	<b>Human Resources</b>		
	Increased software costs for HR, Payroll & L&D	10,000	Cabinet
		10,000	
<b>Q</b>	<b>I.T. Services</b>		
	The current contract for data lines procured through DCC is expiring, new infrastructure is required for which DCC will no longer pay, each LA is now individually funding this	14,000	Cabinet
	Salary overspend due to JE regrade - this forecast may change as the service is currently going through a restructure	9,000	Cabinet
		23,000	
	<b>FORECAST (SURPLUS)/DEFICIT AS AT 31/03/18</b>	<b>72,270</b>	

Cabinet	5,500
Community	(9,730)
Homes	70,000
Environment	(10,700)
Economy	17,200
	<b>72,270</b>

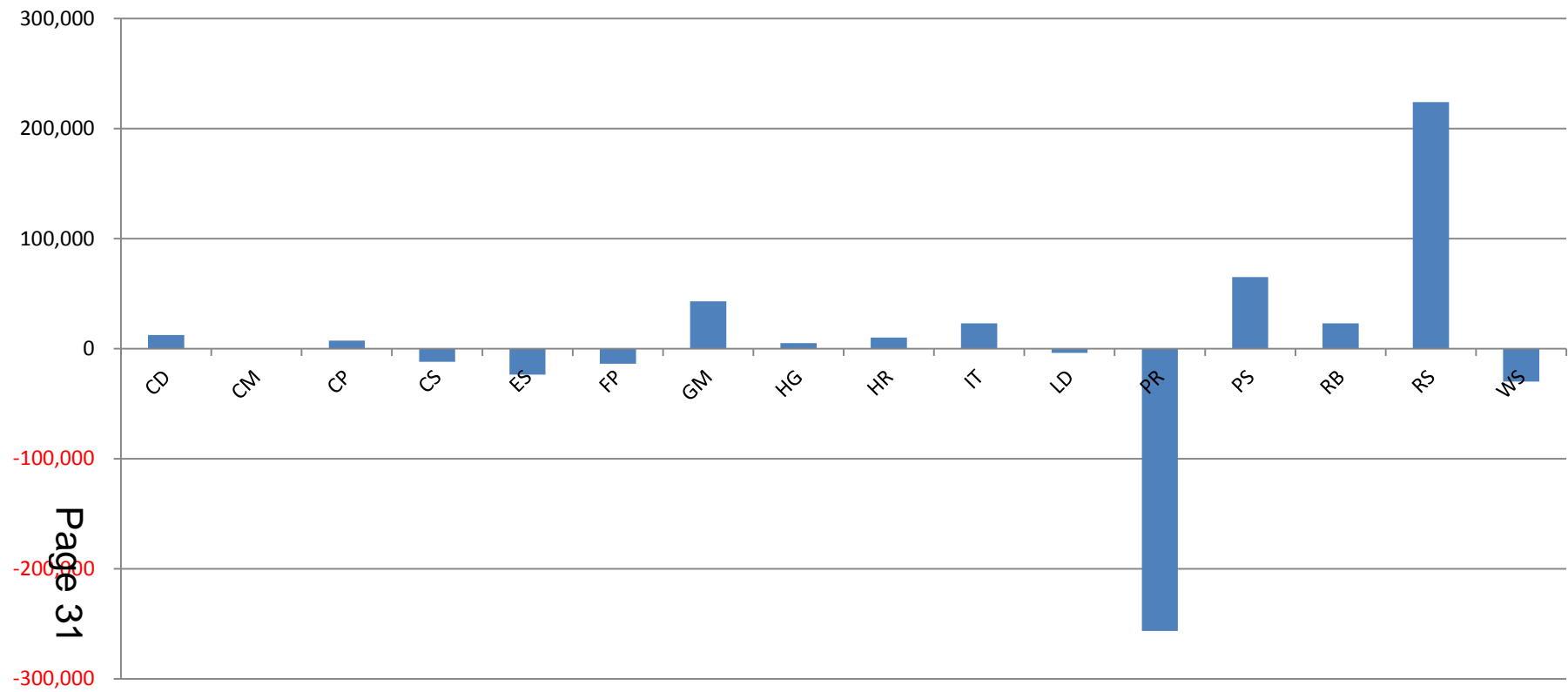
**GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30  
SEPTEMBER 2017**

<b>Committee</b>	<b>Net Transfers to / from Earmarked Reserves</b>	<b>Net Budgeted Trfr to EMR</b>	<b>Forecast Actual Net Trfr to EMR</b>	<b>Forecast Variance to Budget</b>
<b>CM</b>	Corporate Management			0
<b>LD</b>	Legal & Democratic Services: Member/Election Services			
	LD201 Election costs - District	20,000	20,000	0
	LD300 Democratic Rep & Management	5,000	5,000	0
	LD600 Legal Services	(16,180)	(16,180)	0
<b>CP</b>	Car Parks			0
<b>ES</b>	Environmental Services combined			0
	ES100 Cemeteries	25,000	25,000	0
	ES450 Parks and Open Spaces	25,000	25,000	0
	ES450 Parks and Open Spaces	1,200	1,200	0
	ES580 Pool Car Running costs	4,320	4,320	0
	ES660 Control of Pollution	4,000	4,000	0
	ES730 Environmental Enforcement	2,950	2,950	0
	ES361 Public Health	(19,700)	(7,278)	12,422
<b>GM</b>	Grounds Maintenance			
	GM960 Grounds Maintenance	38,050	38,050	0
	GM960 Grounds Maintenance	14,360	14,360	0
<b>OS</b>	Open Spaces			
	EQ643 W70 Developers Contribution	(6,650)	(6,650)	0
	EQ640 W52 Popham Close Comm Fund	(1,950)	(1,950)	0
	EQ641 W67 Moorhayes Com Dev Fund	(1,630)	(1,630)	0
	EQ642 W69 Fayrecroft Willand Ex West	(4,620)	(4,620)	0
	EQ638 Dev Cont Linear park	(4,170)	(4,170)	0
	EQ644 Dev Cont Winswood Crediton	(3,080)	(3,080)	0
<b>PS</b>	Property Services			
	PS350 Public Conveniences	1,120	1,120	0
	PS980 Property Services Staff Unit	7,400	7,400	0
	Market Walk/Fore Street Surplus	50,000		(50,000)
<b>WS</b>	Waste Services			
	WS650 Street Cleaning - Vehicle Sinking Fund	56,470	56,470	0
	WS650 Street Cleaning - Litter Buster Team	(44,600)	(44,600)	0
	WS700 Refuse Collection - Litter Buster Team	(9,900)	(9,900)	0
	WS700 Refuse Collection - Vehicle Sinking Fund	217,510	217,510	0
	WS710 Trade Waste - Vehicle Sinking Fund	21,720	21,720	0
	WS725 Kerbside Recycling - Vehicle Sinking Fund	158,810	158,810	0
	WS725 Kerbside Recycling - Equipment Sinking Fund	20,000	20,000	0
	WS770 Unit 3 Carlu Close - Maintenance Sinking Fund	2,700	2,700	0
<b>CD</b>	Community Development			
	CD200 Community Development - GWC grant	(45,000)	(45,000)	0
	CD200 Grant spend from Seed Fund - EMR released		(2,300)	(2,300)
<b>RS</b>	Recreation And Sport			0
<b>FP</b>	Finance And Performance			0
<b>RB</b>	Revenues And Benefits			
	RB600 Revenues Misc Income Team Salaries	(20,000)	(20,000)	0
	RB340 Benefits Local Welfare Assistance Scheme		(42,900)	(42,900)

**GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30  
SEPTEMBER 2017**

Committee	Net Transfers to / from Earmarked Reserves	Net Budgeted Trfr to EMR	Forecast Actual Net Trfr to EMR	Forecast Variance to Budget
<b>HG</b>	General Fund Housing			0
<b>PR</b>	Planning and Regeneration			
	PR200 Development Control	(294,000)	(294,000)	0
	PR220 Tiverton EUE	0	(53,000)	(53,000)
	PR225 Garden Village Project	0	(51,000)	(51,000)
	PR400 Business Development - Grants & Funding Officer	(21,730)	0	21,730
	PR400 Business Development - Town Centre Manager	(40,700)	(9,000)	31,700
	PR400 Business Development	(100,000)	(100,000)	0
	PR800 Planning Policy	(30,000)	(30,000)	0
	PR810 Statutory Development Plan		220,000	220,000
<b>CS</b>	Customer Services			
	CS500 Messenger Services	1,440	1,440	0
	CS900 Central Photocopying	5,000	5,000	0
	CS902 Central Postage	2,500	2,500	0
	CS910 Customer Services Admin	250	250	0
	CS932 Customer First	5,000	5,000	0
	CS938 Digital Strategy Staffing	(23,180)	0	23,180
<b>HR</b>	Human Resources			0
<b>IT</b>	IT Services			0
	IT800 Phoenix House Printer Sinking Fund	9,700	9,700	0
<b>IE</b>	New Homes Bonus monies earmarked for capital and economic regeneration projects	1,721,980	1,721,980	0
		(89,380)	(89,380)	0
		0		
	<b>Net Transfer to / (from) Earmarked Reserves</b>	<b>1,645,010</b>	<b>1,754,842</b>	<b>109,832</b>

2017/18 General Fund Projected Outturn Variance £



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Key		+ = Overspend / Income under target    - = Savings / Income above budget	
CD	Community Development	IT	I.T. Services
CM	Corporate Management	LD	Legal and Democratic
CP	Car Parks	PR	Planning and Regeneration
CS	Customer Services	PS	Property Services
ES	Environmental Services	RB	Revenues and Benefits
FP	Finance and Performance	RS	Recreation and Sports
GM	Grounds Maintenance	WS	Waste Services
HG	General Fund Housing		
HR	Human Resources		

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## GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

					Full Year	
	2017/18	2017/18	2017/18	2017/18	Forecast	Variance
	Annual Budget	Profiled Budget	Actual	Variance	Variation	
	£	£	£	£	£	%
Building Control Fees	(280,800)	(140,400)	(121,824)	18,576	27,000	-10%
Planning Fees	(885,000)	(442,500)	(527,984)	(85,484)	(100,000)	11%
Land Search Fees	(120,000)	(60,000)	(47,248)	12,752	0	0%
Car Parking Fees - See Below	(799,450)	(374,830)	(358,730)	16,100	20,000	-3%
Leisure Fees & Charges	(2,793,060)	(1,356,541)	(1,241,108)	115,433	138,000	-5%
Trade Waste Income	(677,500)	(657,175)	(637,709)	19,466	40,000	-6%
Garden Waste	(450,000)	(103,500)	(153,034)	(49,534)	0	0%
Licensing	(129,410)	(51,590)	(54,688)	(3,098)	(9,500)	7%
Market Income	(85,400)	(42,700)	(39,205)	3,850	10,000	-12%
	(6,220,620)	(3,229,236)	(3,181,530)	48,061	125,500	-2.0%
						Bud Income
<b>Pay and Display</b>					<b>Spaces</b>	<b>pa per space</b>
Beck Square, Tiverton	(83,780)	(43,550)	(43,408)	142	40	(2,095)
William Street, Tiverton	(31,780)	(15,650)	(13,361)	2,289	45	(706)
Westexe South, Tiverton	(47,800)	(25,180)	(26,540)	(1,360)	51	(937)
Wellbrook Street, Tiverton	(15,540)	(7,600)	(6,998)	602	27	(576)
Market Street, Crediton	(40,420)	(20,410)	(20,032)	378	39	(1,036)
High Street, Crediton	(75,330)	(38,250)	(37,519)	732	190	(396)
Station Road, Cullompton	(41,900)	(22,190)	(18,545)	3,645	112	(374)
Multistorey, Tiverton	(127,980)	(64,650)	(58,689)	5,961	631	(203)
Market Car Park, Tiverton	(220,120)	(107,550)	(104,960)	2,590	122	(1,804)
Phoenix House, Tiverton	(3,680)	(1,690)	(2,574)	(884)	15	(245)
P&D Shorts & Overs	0		378	378	0	0
	(688,330)	(346,720)	(332,247)	14,473	1,272	(8,373)
<b>Day Permits</b>	(31,000)	(3,690)	(1,240)	2,450	4,000	-13%
<b>Allocated Space Permits</b>	(39,420)	(1,270)	(134)	1,136		
<b>Overnight Permits</b>	(1,000)	(500)	0	500		
<b>Day &amp; Night Permits</b>	0	0	(2,586)	(2,586)		
<b>Other Income</b>	(39,700)	(22,650)	(22,523)	127		
	(799,450)	(374,830)	(358,730)	16,100		
<b>Standard Charge Notices (Off Street)</b>	(28,000)	(13,550)	(27,426)	(13,876)	(20,000)	71%

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## GENERAL FUND FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

	2017/18	2017/18	2017/18	2017/18
	Annual Budget	Profiled Budget	Actual	Variance
Total Employee Costs	£	£	£	£
<b>General Fund</b>				
Community Development	62,120	31,060	25,591	(5,469)
Corporate Management	1,299,200	649,600	660,468	10,868
Customer Services	711,710	355,855	334,021	(21,834)
Environmental Services	981,140	490,570	477,351	(13,219)
Finance And Performance	535,450	267,725	238,089	(29,636)
General Fund Housing	206,040	103,020	99,982	(3,038)
Grounds Maintenance	442,560	221,280	200,689	(20,591)
Human Resources	341,290	170,645	166,464	(4,181)
I.T. Services	488,880	244,440	250,737	6,297
Legal & Democratic Services	462,960	231,480	256,169	24,689
Planning And Regeneration	1,755,840	877,920	754,541	(123,379)
Property Services	423,430	211,715	188,751	(22,964)
Recreation And Sport	1,828,350	914,175	908,025	(6,150)
Revenues And Benefits	701,690	350,845	328,384	(22,461)
Waste Services	1,986,040	993,020	906,708	(86,312)
	<b>12,226,700</b>	<b>6,113,350</b>	<b>5,795,972</b>	<b>(317,378)</b>
<b>Housing Revenue Account</b>				
BHO09 Repairs And Maintenance	603,330	346,248	347,275	1,027
BHO10 Supervision & Management	1,369,080	684,540	701,846	17,306
BHO11 Special Services	37,180	18,590	12,519	(6,071)
	<b>2,009,590</b>	<b>1,049,378</b>	<b>1,061,639</b>	<b>12,261</b>
<b>Total</b>	<b>14,236,290</b>	<b>7,162,728</b>	<b>6,857,611</b>	<b>(305,117)</b>

	2017/18	2017/18	2017/18	2017/18
	Annual Budget	Profiled Budget	Actual	Variance
Agency Staff	£	£	£	£
<b>General Fund</b>				
Car Parks	0	0	0	0
Community Development	0	0	0	0
Corporate Management	0	0	0	0
Customer Services	0	0	0	0
Environmental Services	0	0	2,813	2,813
Finance And Performance	0	0	0	0
General Fund Housing	0	0	0	0
Grounds Maintenance	5,000	2,500	28,914	26,414
Human Resources	0	0	0	0
I.T. Services	0	0	0	0
Legal & Democratic Services	0	0	0	0
Planning And Regeneration	0	0	0	0
Property Services	0	0	8,142	8,142
Recreation And Sport	0	0	0	0
Revenues And Benefits	0	0	37,549	37,549
Waste Services	179,250	89,625	87,185	(2,440)
	<b>184,250</b>	<b>92,125</b>	<b>164,603</b>	<b>72,478</b>
<b>Housing Revenue Account</b>				
BHO09 Repairs And Maintenance	0	0	(1,128)	(1,128)
BHO10 Supervision & Management	0	0	175	175
BHO11 Special Services	0	0	0	0
	<b>0</b>	<b>0</b>	<b>(952)</b>	<b>(952)</b>
<b>Total</b>	<b>184,250</b>	<b>92,125</b>	<b>163,650</b>	<b>71,525</b>

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**HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR  
THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017**

		2017/18 Annual Budget	Forecast	Variance
Housing Revenue Account (HRA)	Notes	£	£	%
<b>Income</b>				
SHO01 Dwelling Rents Income	A	(12,368,590)	59,000	-0.5%
SHO04 Non Dwelling Rents Income	B	(571,420)	(18,000)	3.2%
SHO06 Tenant Charges For Services	C	(350)	0	0.0%
SHO07 Leaseholders' Service Charges	D	(21,640)	(5,000)	23.1%
SHO08 Contributions Towards Expenditure	E	(36,470)	(10,000)	27.4%
SHO09 Alarm Income - Non Tenants	F	(209,520)	(3,000)	1.4%
SHO10 H.R.A. Investment Income	G	(40,000)	(10,000)	25.0%
SHO11 Miscellaneous Income	H	(19,000)	0	0.0%
<b>Services</b>				
SHO13A Repairs & Maintenance	I	3,098,380	(76,000)	0.0%
SHO17A Housing & Tenancy Services	J	1,315,290	(43,000)	-3.3%
SHO22 Alarms & L.D. Wardens expenditure	K	121,700	(20,000)	-16.4%
<b>Accounting entries 'below the line'</b>				
SHO29 Bad Debt Provision Movement	L	25,000	0	0.0%
SHO30 Share Of Corporate And Democratic	M	165,320	0	0.0%
SHO32 H.R.A. Interest Payable	N	1,214,500	0	0.0%
SHO34 H.R.A. Transfers between earmarked reserves	O	2,952,820	0	0.0%
SHO36 H.R.A. R.C.C.O.	P	32,000	(11,000)	-34.4%
SHO37 Capital Receipts Reserve Adjustment	Q	(26,000)	0	0.0%
SHO38 Major Repairs Allowance	R	2,275,000	130,000	5.7%
SHO45 Renewable Energy Transactions	S	(130,000)	0	0.0%
		<b>(2,222,980)</b>	<b>(7,000)</b>	<b>-0.3%</b>
Net recharge to HRA		1,245,730		
Capital Charges		977,250		
<b>Net Housing Revenue Account Budget</b>		<b>0</b>		

Housing Revenue Account	£k
Total HRA reserve as at 01/04/7	(2,000)
Forecast movement in the year	0
<b>Forecast HRA reserve as at 31/03/18</b>	<b>(2,000)</b>

Housing Maintenance Fund	£k
Opening balance	10,970
Reserve utilised for capital works (see appendix G)	(1,032)
Budgeted transfer to reserves	2,182
Forecast variance for the year (see above)	7
<b>Forecast closing balance</b>	<b>12,127</b>

Renewable Energy Fund	£k
Opening balance	455
Expenditure forecast for this year (see appendix G)	(98)
Net income forecast for this year	130
<b>Forecast closing balance</b>	<b>487</b>

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# HOUSING REVENUE ACCOUNT FINANCIAL MONITORING INFORMATION FOR THE PERIOD FROM 01 APRIL TO 30 SEPTEMBER 2017

Note	Description of Major Movements	Corrective Action	Forecast
			Variance £
<b>A</b>	Dwelling rent is 0.5% behind target	N/A	59,000
<b>B</b>	Garage voids are lower than budgeted	N/A	(18,000)
<b>D</b>	Minor variance	N/A	(5,000)
<b>E</b>	Rechargeable works have been higher than budgeted	N/A	(10,000)
<b>F</b>	Minor variance	N/A	(3,000)
<b>G</b>	Cash balances have been high again in 2017/18	N/A	(10,000)
<b>I</b>	Significantly more time than expected will be spent on adaptations work, leading to a transfer of costs	N/A	(60,000)
	Underspends due to staffing vacancies	N/A	(16,000)
<b>J</b>	Several minor savings forecast across budget areas including training, environmental and tree works give rise to this total	N/A	(43,000)
<b>K</b>	Minor savings forecast	N/A	(20,000)
<b>P</b>	Tipper vehicle expected to cost less than budgeted	N/A	(11,000)
<b>R</b>	MRA is forecast to spend £2,405k (£2,278k budgeted plus £87k slippage rolled forward from 16/17 plus an additional £40k on Fire Risk Assessment work)	N/A	130,000
		<b>TOTAL</b>	<b>(7,000)</b>

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MID DEVON DISTRICT COUNCIL  
MONITORING OF 2017/18 CAPITAL PROGRAMME

Appendix G

Code	Scheme	Budgeted Capital Programme 2017/18	Deliverable Capital Programme 2017/18	Actual Expenditure 2017/18	Committed Expenditure 2017/18	Total	Variance to Adj Capital Programme	Forecast (Underspend)/ Overspend	Forecast Slippage to 18/19	Notes
		£		£	£	£	£	£	£	
	<b>General Fund Projects</b>									
	<b><u>Lords Meadow Leisure Centre</u></b>									
CA624	Main car park resurfacing	50,000	50,000	35,210	0	35,210	(14,790)	(5,000)		Total Project cost circa £45k
	<b><u>Exe Valley Leisure Centre</u></b>									
CA630	Exe Valley Leisure Centre - Replenish sand filters	25,000	25,000	0	0	0	(25,000)			This Project is planned due to be completed during Q3 17/18
CA627	EVLC - Pressure set replacement Hot/Cold	50,000	50,000	0	0	0	(50,000)	(5,000)		Forecast total Project cost circa £45k. Planned completion Feb'18
CA626	EVLC - Fitness extension	657,000	657,000	228,032	539,211	767,243	110,243	49,000		This forecast variance includes wet side improvement works amounting to £43k in 16/17. Planned project completion Jan '18
	<b><u>Culm Valley Leisure Centre</u></b>									
CA631	CVSC replace end of life AC for fitness Gym	30,000	30,000	0	0	0	(30,000)	(5,000)		Forecast total Project cost circa £25k
	<b><u>Pannier Market</u></b>									
CA509	Pannier Market - Improvement Project back log maintenance	60,000	60,000	43,842	0	43,842	(16,158)	(16,000)		Project complete - see Pannier Market Clock Tower CA508 - Scaffolding shared
CA507	Tiverton Pannier Market Piggins	70,000	0	0	0	0	0	(70,000)		This Project will no longer be undertaken
CA508	Pannier Market Clock Tower	12,000	12,000	28,256	0	28,256	16,256	16,000		Project complete - see Pannier Market back log maint CA509 - Scaffolding shared between projects
	<b><u>MSCP Improvements</u></b>									
CA709	MSCP improvements (refer to Matrix condition report)	139,000	70,000	0	0	0	(70,000)		139,000	Spend on this project will be undertaken with consideration to proposed Premier Inn project - Planned commencement Jan '18
	<b><u>MDDC Shops/Industrial Units</u></b>									
CA510	Energy Assessment works - new legislation - Indust Units/Shops/Mkt Walk	50,000	25,000	0	0	0	(25,000)		25,000	This Project is likely to straddle 17/18 & 18/19 Financial years
	<b><u>Play Areas</u></b>									
CA632	Play area refurbishment District wide - Amory Park Tiverton	50,000	0	0	0	0	0		50,000	This project is likely to be delivered in Q2 18/19
CA628	Play area refurbishment - West Exe Recreation Ground Tiverton	50,000	0	0	2,300	2,300	2,300		50,000	This project is likely to be delivered in Q2 18/19
	<b><u>Other Projects</u></b>									
CA460	Crediton Office - Structural improvement work	30,000	20,000	0	0	0	(20,000)	(10,000)		This project is likely to be delivered in Q4 17/18
CA461	A361 junction to facilitate Eastern Urban Extension (funded by s106)	1,750,000	1,000,000	0	0	0	(1,000,000)			MDDC contribution to DCC to help fund this junction now agreed at £1m
CA455	St Lawrence Green Project	30,000	30,000	0	0	0	(30,000)			
CA570	Coggans Well building acquisition			268,176	0	268,176	268,176	268,000		This acquisition will be funded by Useable Capital Receipts
CA468	Replacement Car park Machines			60,922	7,922	68,844	68,844	69,000		This project will be funding by a combinations of EMR's (£20k) & the balance from Useable Capital Receipts
	<b><u>General Fund Development Schemes</u></b>									
CA462	Rear of Town Hall development site (6 Houses, 24 Apartments)	5,114,000	0	2,464	1,000	3,464	3,464	(5,114,000)		This project will now be delivered by the SPV & any associated costs will be novated to the new company
	<b><u>ICT Projects</u></b>									
CA433	Unified Comms/telephony	107,000	107,000	0	0	0	(107,000)		67,000	Circa £40k spend in 17/18
CA456	Digital Transformation replacement of CRM	100,000	0	0	0	0	0	(100,000)		This Project will no longer be undertaken in 17/18 - future funds will be bid for in accordance with Leadership Team/ICT strategy
CA463	Secure Wifi replacement	50,000	50,000	0	0	0	(50,000)	(50,000)		Project to be delivered on Revenue circa £10k
CA464	Parking System Replacement (enforcement)	40,000	40,000	370	0	370	(39,630)			
CA465	Replacement Queue System	30,000	0	0	0	0	0	(30,000)		This Project will no longer be undertaken in 17/18 - future funds will be bid for in accordance with Leadership Team/ICT strategy
CA466	Core System Refreshes - Revs/Bens	20,000	20,000	0	0	0	(20,000)			
CA467	Replacement Estates/Property Systems	50,000	0	0	0	0	0	(50,000)		This Project will no longer be undertaken in 17/18 - future funds will be bid for in accordance with Leadership Team/ICT strategy
CA421	Replacement of PC estate 330s	31,000	31,000	18,964	0	18,964	(12,036)			
CA423	Continued replacement of WAN/LAN	60,000	60,000	0	0	0	(60,000)			
CA425	Server farm expansion/upgrades	96,000	96,000	12,233	0	12,233	(83,767)			
CA437	Digital Transformation	61,000	61,000	2,430	30	2,460	(58,540)			
CA439	Mobile Working NDL MX	7,000	7,000	7,000	0	7,000	0			
CA444	SQL/Oracles refreshes	21,000	21,000	2,500	7,975	10,475	(10,525)			
	<b><u>Replacement Vehicles</u></b>									
CA714	Medium Sweeper (Street Cleansing)	70,000	70,000	0	0	0	(70,000)			
CA715	Van Tipper (Grounds Maintenance)	26,000	26,000	0	0	0	(26,000)			
CA716	Ransomes Mower (Grounds Maintenance)	35,000	35,000	0	0	0	(35,000)			
CA712	Iveco Tipper (or equivalent)	24,000	24,000	0	0	0	(24,000)			
CA814	Dennis Eagle Terberg RCV 22-26t (or equivalent)	160,000	160,000	166,409	2,820	169,229	9,229	10,000		Trade Waste vehicle
CA821	5 Refuse Vehicles with Food waste capability	900,000	900,000	0	830,667	830,667	(69,333)	(69,000)		Garden Waste (3 large & 3 small refuse vehicles)
CA822	7.5T Tipper	100,000	100,000	0	0	0	(100,000)			
CA825	3.5T Tipper	25,000	25,000	0	0	0	(25,000)			
CA827	3.5T Tipper	25,000	25,000	0	0	0	(25,000)			
		10,205,000	3,887,000	876,807	1,391,925	2,268,733	(1,618,267)	(5,112,000)	331,000	

Code	Scheme	Budgeted Capital Programme 2017/18	Deliverable Capital Programme 2017/18	Actual Expenditure 2017/18	Committed Expenditure 2017/18	Total	Variance to Adj Capital Programme	Forecast (Underspend)/ Overspend	Forecast Slippage to 18/19	Notes
CG217 CG201	<a href="#">Private Sector Housing Grants</a>									
	Empty homes and enforcement	104,000	30,000	0	0	0	(30,000)		64,000	
	Disabled Facilities Grants–P/Sector	664,000	555,000	200,980	183,391	384,371	(170,629)		109,000	
	Please note where possible commitments are raised on the Finance Ledger. Currently the total commitment for Private Sector Housing Grants held outside the ledger is £184k. This underspend includes underspent budget on Private Tenant DFG's amounting to 171k; these are effectively ring fenced, therefore leaving £30k uncommitted. (£201k - £171k) Commitments include all approved grants. The timing of when these are drawn down is dependent on the client (up to 1 year), therefore at year end although sums may be committed, some may be carried forward to 2018/19 as slippage.									
		768,000	585,000	200,980	183,391	384,371	(200,629)	0	173,000	
CA200	<a href="#">Affordable Housing Projects</a> Grants to Housing Associations to provide units (funded by commuted sums)	115,000	115,000	7,959	0	7,959	(107,041)		99,000	
		115,000	115,000	7,959	0	7,959	(107,041)	0	99,000	
	<b>Total General Fund Projects</b>	<b>11,088,000</b>	<b>4,587,000</b>	<b>1,085,746</b>	<b>1,575,317</b>	<b>2,661,063</b>	<b>(1,925,937)</b>	<b>(5,112,000)</b>	<b>603,000</b>	
CA100	<a href="#">HRA Projects</a> Major repairs to Housing Stock	2,365,000	2,365,000	838,736	991,551	1,830,287	(534,713)	40,000		Additional works on fire risk Assessments £40k
CA111	Renewable Energy Fund Spend	100,000	100,000	51,488	0	51,488	(48,512)			
CG200	Disabled Facilities Grants - Council Houses	299,000	299,000	130,327	0	130,327	(168,673)			
CA135	Land acquisition for Affordable Housing	2,100,000	500,000	0	0	0	(500,000)		1,600,000	A substantial amount of this project will slip into 18/19
CA112	Birchen Lane	238,000	238,000	86,533	77,878	164,412	(73,588)			Forecast project completion Q3 2018/19. Additional £261k to be funded by S106
CA119	Palmerston Park Tiverton - affordable dwellings (26 units)	2,694,000	2,062,000	374,292	2,708,819	3,083,110	1,021,110		1,500,000	Affordable Housing Contribs per Cabinet report 02/03/17
CA124	Queensway (Beech Road) Tiverton (3 units)	298,000	150,000	7,719	0	7,719	(142,281)		250,000	Forecast project completion Q4 2018/19
CA120	Burlescombe (6 units)	776,000	100,000	220	3,840	4,060	(95,940)		700,000	Forecast project completion Q4 2018/19
CA125	Waddeton Park - (70 units)	1,991,000	0	71	0	71	71		1,991,000	This project is likely to be delivered in 18/19
CA126	Sewerage Treatment Works - Washfield	25,000	25,000	0	0	0	(25,000)			Forecast project completion Q4 2017/18
CA127	Stoodleigh - Pending feasibility (4 units)	520,000	50,000	0	0	0	(50,000)		500,000	A substantial amount of this project will slip into 18/19
CA132	<a href="#">HRA ICT Projects</a> Repairs - mobile replacement	30,000	30,000	11,340	10,013	21,354	(8,646)			
CA133	Tenancy Mobile	40,000	0	0	0	0	0	(40,000)		This Project will no longer be undertaken in 17/18 - future funds will be bid for in accordance with Leadership Team/ICT strategy
CA134	<a href="#">HRA Replacement Vehicles</a> Van Tipper 4.5T (Responsive Repairs)	32,000	0	0	0	0	0	(32,000)		Vehicle not required in 17/18
CA122	Iveco Tipper 3.5t (or equivalent)	24,000	24,000	21,455	0	21,455	(2,545)	(3,000)		
	<b>Total HRA Projects</b>	<b>11,532,000</b>	<b>5,943,000</b>	<b>1,522,180</b>	<b>3,792,102</b>	<b>5,314,282</b>	<b>(628,718)</b>	<b>(35,000)</b>	<b>6,541,000</b>	
	<b>CAPITAL PROGRAMME GRAND TOTAL</b>	<b>22,620,000</b>	<b>10,530,000</b>	<b>2,607,926.21</b>	<b>5,367,418.20</b>	<b>7,975,344</b>	<b>(2,554,656)</b>	<b>(5,147,000)</b>	<b>7,144,000</b>	

**CABINET**  
**26 OCTOBER 2017**

## **DRAFT 2018/19 GENERAL FUND AND CAPITAL BUDGETS**

**Cabinet Member** Cllr Peter Hare-Scott  
**Responsible Officer** Andrew Jarrett, Director of Finance, Assets & Resources

**Reason for the report:** To consider options available in order for the Council to set a balanced budget for 2018/19 and agree a future strategy for further budget reductions for 2019/20 onwards.

**RECOMMENDATION:** To consider the draft budget proposals for 2018/19 and start to plan for additional savings as identified in the Medium Term Financial Plan.

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

**Financial Implications:** The current budget for the General Fund shows a deficit of £617k. In addition we have predicted a funding deficit of £1.2m on our General Fund by 2021/22. This highlights the need to take steps to plan for further reductions to our ongoing expenditure levels.

It is a statutory requirement for the Local Authority to set a balanced budget each year.

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

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

### **1.0 Introduction**

1.1 2018/19 will be the third year of a four year fixed funding settlement which will see a further reduction of £318k and then the complete removal of the remaining Revenue Support Grant of £179k by 2019/20.

1.2 It is worth reflecting that our budgets are affected in a number of ways:

- a) The funding received from central government.
- b) Devon County Council (DCC) and other public bodies' budgets being cut leads to them cutting funding to us and others, in a variety of ways.
- c) Government departments such as Department of Work and Pensions and Department for Communities and Local Government also have lower budgets and reduce grants.
- d) Changes in customer demand/expectations in the context of the local/national economy.

- 1.3 Although the priority is to balance next year's budget, strategic decisions will need to be made to accommodate reduced funding going forward. So far senior managers will have produced a draft budget based upon "business as usual."
- 1.4 Based on seven years of public sector austerity many services can no longer continue to reduce cost and still expect "business as usual". It is important to remember that some services are statutory and in some cases must breakeven. i.e. we cannot generate a profit. This restricts where savings/cuts can be imposed and section 7 below provides more details.
- 1.5 The proposed savings embodied in the draft budget will need to be agreed by Members, as 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. We 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 our assumptions in the months leading up to February, when the budget has to be finalised. So the current budget gap of £617k 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.
- 1.6 The Council continues to look into opportunities to further reduce operational costs without immediately reducing service levels. However 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.

## 2.0 The Draft 2018/19 Budget

- 2.1 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 General Fund budget gap of £617k (see Appendix 1).
- 2.2 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 2018/19 draft budget.

**Table 1 – Reconciliation of Major 2018/19 Budget Variances**

<b>Variances</b>	<b>Amount £k</b>
<b><i>External items outside of our control</i></b>	
Reduced formula grant settlement	318
Decrease in Housing Benefit Grant and increase in associated costs	57
Pay award and pension increases	239
Rural Services Delivery Grant	86
Transition Grant	32
<b><i>Subtotal</i></b>	<b>732</b>
<b><i>Other changes</i></b>	
Increase in service cost pressures	317

Not utilising New Homes Bonus to balance the budget	89
Increase in property sinking funds	100
Interest payments on loans for new Leisure equipment	45
Service cost reductions	(108)
New or increased income identified by service managers	(272)
Increase in Council Tax income (£5 rise + 370 new properties)	(212)
Net recharge to HRA	(108)
Minor changes	34
<b>Draft budget gap for 2018/19</b>	<b>617</b>

2.3 In compiling the 2018/19 draft budget we have also examined budget performance during 2017/18 and then made any relevant budget corrections for staffing changes, levels of income, changes in legislation, increases in inflation, etc.

2.4 Due to the need to get budget information to all of the PDG and Cabinet meetings during October and November 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 and can be summarised as follows.

- Application by the Devon Pool to become 100% Business Rates Pilot
- Impact of new Homeslessness legislation from 01/04/18
- Impact of full rollout of Universal Credit from 01/04/18
- Autumn Statement announcement in November 2017
- Finalisation of Formula Grant settlement
- Ongoing service reviews (including changes to fees/charges)

### 3.0 The Past

3.1 Just to remind members of the financial journey the Council has been on since the austerity programme in 2010/11, here is a list of some of the challenges that have been presented to MDDC in balancing budgets during recent years.

- Net loss of £4m in Formula Grant
- Loss of funding for Housing Benefit admin and Regional Housing Pot removed circa £0.6m
- Council Tax freezes accepted for a number of years
- Increased costs associated with Local Land Provision
- Tax and pension related pressures totalling £350k as follows
  - National Insurance change
  - Increased pension back-funding costs
  - Government mandated auto-enrolment to the Pension Scheme
- Apprentice Levy of £50k introduced

3.1 The following lists just some of the actions taken by MDDC to mitigate these funding reductions.

- Significant efficiency agenda has led to service reductions amounting to over £2m
- Increased income has been generated by a number of services
  - Waste shared savings agreement with DCC
  - Garden Waste Scheme
  - Improved recycling scheme
- Increased commercialisation
  - £200k profit from market Walk and Fore Street properties
- Business Rates Devon Pool participation
- Profit from the Special Purpose Vehicle will return to the General Fund, along with a margin on interest received
- Increasing CCLA holding to £5m
- Colocation with Department for Work & Pensions (DWP)
- Revised Car Parking Strategy in 2016/17
- Rationalising our property estate, including depots, parks, toilets and car parks
- Joint working with North Devon DC as part of the Building Control Partnership
- DCC Transfer Station located at Carlu Close

#### **4.0 The Future**

- 4.1 It is clear that a lot of work has already been undertaken in order to deliver a draft budget gap of £617k, i.e. further efficiency savings of circa £250k included in the service appendices. We now are set with two tasks: firstly, to deliver a balanced General Fund budget by February 2018 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 work with town and parish councils will continue.

#### **5.0 Capital Programme**

- 5.1 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.
- 5.2 The draft Capital Programme for 2018/19 is attached at Appendix 5. Excluding the new commitments to fund town centre regeneration or further commercial/land acquisitions, the size of our current and future capital programmes remains very small, due to the reductions in funding and level of sale receipts and now only includes material projects that are essential maintenance, or asset replacement or income generating/cost reducing.

#### **6.0 The Autumn PDGs and Cabinet meetings**

- 6.1 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 2018/19 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.

- 6.2 Before the next round of PDGs and Cabinet in January the Council will receive formal confirmation regarding its; Formula Grant other emerging legislative changes, more information regarding the 2017/18 budget performance etc. At this point if any of the initial assumptions/estimates significantly worsen, then we will need to bring further savings options forward for consideration.

## **7.0 Public Consultation**

- 7.1 Earlier year's consultations have consistently 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

- 7.2 With the Council having to make more challenging decisions with regard to service prioritisation these views and our Corporate Plan should be foremost in determining changes to the base budget.

## **8.0 Statutory, Discretionary Services and the Level of Service Provision**

- 8.1 Whilst the Council has a legal obligation to perform some activities, others are at the discretion of the elected members, subject to funding. Although some undertakings are clearly statutory and others clearly discretionary, there are some service areas that have elements of both.

- 8.2 The main *discretionary* services of the Council comprise:

- Business development (although a corporate priority)
- Community development (includes community group grants)
- Leisure facilities
- Parks and open spaces (identified as important to the public at 6.1)
- Shops and industrial units

### **What can we do to balance the budget?**

- 8.3 An activity's net cost could be changed by one or more of these factors:

- a) Changing the frequency
- b) Changing the quality, instead of a "Platinum service" we may be forced to offer a "Silver service"
- c) Increasing fees or start charging for a service

- d) Reducing the overheads
- e) Stopping the activity entirely
- f) Different models of service delivery (including partnership)

8.4 Over the last five or six years the Authority has concentrated its efforts in maintaining frontline service levels across all sectors by reducing overheads. It is now clear that following those budgetary cuts some service areas are struggling to deliver their service plans, within their existing budgets. Indeed in a few cases external reviews have necessitated increasing the resources in a particular service area to meet our legal obligations.

**What options are available if something is *statutory*?**

8.5 Although we cannot stop the function, we may be able to approach it differently in terms of frequency or quality.

8.6 Some of our income streams are influenced by external market forces and in setting prices we have to be mindful of the going market rate. Aside from Council tax, the main income streams are:

- Building control fees
- Burial fees
- Car park charges
- Industrial unit rent
- Leisure centre fees
- Licence fees
- Market tolls
- Shop rents
- Planning fees
- Trade waste fees
- Garden waste

8.7 Any multi million pound business employing staff and utilising assets needs teams to support them and our frontline services are no different.

8.8 The key components, some statutory, others essential, include:

- Audit
- Accountancy
- Customer First
- Procurement (Buying goods and services)
- Human resources (Includes health and safety)
- IT
- Legal services
- Property services

8.9 For example our waste service has to have vehicles and depots to operate from, both of which need to be maintained. The staff need to be managed, to be paid, and legislation provides for health and safety considerations. Depots and buildings such as Phoenix House are fixed costs, although even here we have created savings by renting out some space. The “back office” activities are therefore intrinsically linked to the “frontline” and savings from both areas have continued to be made.



## **9.0 Conclusion**

- 9.1 The feedback from all of the PDGs and Scrutiny will be reported to the January Cabinet for consideration in order to set a balanced 2018/19 budget and agree a forward plan. Group Managers will be working with Leadership Team and elected members in order to determine ways in which savings of £1m can be achieved over the next three years, based on the priorities identified in the 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.

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**Circulation of the Report:** Leadership Team  
Elected Members  
Group Managers

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## GENERAL FUND REVENUE ACCOUNT DRAFT BUDGET SUMMARY 2018/19

	Notes	Net Direct Costs Budget 2017/18 £	Budget Changes £	Draft Net Direct Costs Budget 2018/19 £
Cabinet	2,4	4,287,630	183,810	4,471,440
Community	2,4	2,648,810	156,570	2,805,380
Economy	2,4,7	(700,830)	69,170	(631,660)
Environment	2,4	2,252,740	28,930	2,281,670
Homes	2,4	1,131,370	(163,100)	968,270
<b>TOTAL NET DIRECT COST OF SERVICES</b>		<b>9,619,720</b>	<b>275,380</b>	<b>9,895,100</b>
Net recharge to HRA	6	(1,245,730)	(107,930)	(1,353,660)
Provision for the financing of capital spending		398,370	(2,800)	395,570
<b>NET COST OF SERVICES</b>		<b>8,772,360</b>	<b>164,650</b>	<b>8,937,010</b>
PWLB Bank loan interest payable		106,920	(4,920)	102,000
Finance Lease interest payable		36,760	4,610	41,370
Interest payments for new loans		0	45,000	45,000
Interest from Funding provided for HRA		(54,000)	3,460	(50,540)
Interest receivable/payable on other activities		0	(25,000)	(25,000)
Interest Received on Investments	5	(254,000)	0	(254,000)
New Homes Bonus	8	(1,721,980)	521,980	(1,200,000)
Transfers into earmarked reserves	3	2,366,980	(321,840)	2,045,140
Transfers from earmarked reserves	3	(632,590)	(44,270)	(676,860)
Proposed contribution from New Homes Bonus Reserve		(89,380)	89,380	0
<b>TOTAL BUDGETED EXPENDITURE</b>		<b>8,531,070</b>	<b>433,050</b>	<b>8,964,120</b>
<b>Funded by:-</b>				
Revenue Support Grant		(497,550)	318,290	(179,260)
Rural Services Delivery Grant		(374,510)	86,430	(288,080)
Transition Grant		(31,510)	31,510	0
NNDR revenue		(2,265,210)	(34,790)	(2,300,000)
CTS Funding Parishes		46,960	(7,040)	39,920
Collection Fund Surplus		(52,860)	2,340	(50,520)
Council Tax (28,246 x £197.15)	1	(5,356,390)	(212,330)	(5,568,720)
<b>TOTAL FUNDING</b>		<b>(8,531,070)</b>	<b>184,410</b>	<b>(8,346,660)</b>
<b>REQUIREMENT TO BALANCE THE BUDGET</b>		<b>0</b>	<b>617,460</b>	<b>617,460</b>

**Current Assumptions :**

1. Council Tax has been increased by £5 as an illustration with an increased property growth of 370.
2. 2018/19 salary budgets include an increase of 1%.
3. All earmarked reserves have been reviewed and adjustment made based upon existing need.
4. All income flows have been reviewed and adjusted for changes in demand and unit price.
5. Investment income has been based upon the existing lending criteria now in force.
6. Support services have been calculated in accordance with the annual process.
7. Car parking fees are based upon 2017/18 fees and vends.
8. New Homes Bonus receipts based on new legislation changes.

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**PDG SERVICE UNIT MOVEMENTS**
**Appendix 2**

GENERAL FUND SUMMARY		Budget Net Direct Cost	Current Budgeted Net Direct Cost	Movement	+/- %
		2017/18	2018/19	2018/19	2018/19
<b><u>Cabinet</u></b>					
SCM01	Leadership Team	459,240	468,900	9,660	2.1%
SCM02	Corporate Functions	0	81,250	81,250	N/A
SCM03	Corporate Fees/Charges	226,930	207,550	(19,380)	-8.5%
SCM06	Pension Backfunding	901,510	890,060	(11,450)	-1.3%
SFP01	Accountancy Services	321,260	332,620	11,360	3.5%
SFP02	Internal Audit	103,460	88,000	(15,460)	-14.9%
SFP03	Procurement	77,840	71,970	(5,870)	-7.5%
SFP04	Purchase Ledger	45,480	45,850	370	0.8%
SFP05	Sales Ledger	44,580	44,190	(390)	-0.9%
SHR01	Human Resources	266,470	279,020	12,550	4.7%
SHR02	Mddc Staff Training	41,530	132,250	90,720	218.4%
SHR03	Payroll	57,520	57,890	370	0.6%
SHR04	Learning And Development	50,590	51,150	560	1.1%
SIT01	It Gazetteer Management	65,080	69,750	4,670	7.2%
SIT03	It Information Technology	794,370	807,500	13,130	1.7%
SLD01	Electoral Registration	135,590	143,340	7,750	5.7%
SLD02	Democratic Rep And Management	440,980	458,260	17,280	3.9%
SLD04	Legal Services	255,200	241,890	(13,310)	-5.2%
		<b>4,287,630</b>	<b>4,471,440</b>	<b>183,810</b>	<b>4.3%</b>
<b><u>Community PDG</u></b>					
SCD01	Community Development	82,700	87,530	4,830	5.8%
SCS20	Customer Services Admin	108,030	106,540	(1,490)	-1.4%
SCS22	Customer First	686,270	697,310	11,040	1.6%
SES01	Emergency Planning	0	7,880	7,880	N/A
SES04	Public Health	44,370	4,090	(40,280)	-90.8%
SES16	Es Staff Units/Recharges	607,020	709,040	102,020	16.8%
SES17	Community Safety	59,960	540	(59,420)	-99.1%
SES18	Food Safety	(12,530)	(17,580)	(5,050)	40.3%
SES21	Licensing	(15,480)	(8,180)	7,300	-47.2%
SES22	Pest Control	4,000	4,000	0	0.0%
SES23	Pollution Reduction	4,240	840	(3,400)	-80.2%
SPR01	Building Regulations	500	(5,170)	(5,670)	-1134.0%
SPR02	Enforcement	100,380	100,900	520	0.5%
SPR03	Development Control	156,910	13,410	(143,500)	-91.5%
SPR04	Local Land Charges	(32,830)	(31,130)	1,700	-5.2%
SPR09	Forward Planning	204,290	227,280	22,990	11.3%
SPR11	Regional Planning	348,160	288,960	(59,200)	-17.0%
SRB01	Collection Of Council Tax	201,600	233,560	31,960	15.9%
SRB02	Collection Of Business Rates	(76,180)	(100,860)	(24,680)	32.4%
SRB03	Housing Benefit Admin & Fraud	111,380	168,260	56,880	51.1%
SRB04	Housing Benefit Subsidy	(75,000)	(45,000)	30,000	-40.0%
SRB06	Debt Recovery	94,380	97,590	3,210	3.4%
SRS01	Recreation And Sport	46,640	265,570	218,930	469.4%
		<b>2,648,810</b>	<b>2,805,380</b>	<b>156,570</b>	<b>5.9%</b>

**PDG SERVICE UNIT MOVEMENTS**
**Appendix 2**

GENERAL FUND SUMMARY		Budget Net Direct Cost	Current Budgeted Net Direct Cost	Movement	+/- %
		2017/18	2018/19	2018/19	2018/19
<b><u>Economy PDG</u></b>					
SCD02	Economic Development - Markets	34,420	51,290	16,870	49.0%
SCP01	Parking Services	(592,390)	(588,620)	3,770	-0.6%
SES03	Community Safety - C.C.T.V.	3,060	(1,950)	(5,010)	-163.7%
SPR06	Economic Development	413,470	421,200	7,730	1.9%
SPS12	GF Properties Shops / Flats	(559,390)	(513,580)	45,810	-8.2%
		(700,830)	(631,660)	69,170	-9.9%
<b><u>Environment PDG</u></b>					
SES02	Cemeteries	(34,850)	(76,420)	(41,570)	119.3%
SES05	Open Spaces	85,410	72,530	(12,880)	-15.1%
SGM01	Grounds Maintenance	541,150	584,180	43,030	8.0%
SPS03	Flood Defence And Land Drain	26,430	26,430	0	0.0%
SPS04	Street Naming & Numbering	7,560	7,360	(200)	-2.6%
SPS07	Public Transport	(15,110)	(13,110)	2,000	-13.2%
SPS11	Public Conveniences	43,230	54,110	10,880	25.2%
SWS01	Street Cleansing	374,320	376,220	1,900	0.5%
SWS02	Waste Collection	445,110	375,500	(69,610)	-15.6%
SWS03	Recycling	608,700	605,800	(2,900)	-0.5%
SWS04	Waste Management	170,790	269,070	98,280	57.5%
		2,252,740	2,281,670	28,930	1.3%
<b><u>Homes PDG</u></b>					
SES15	Private Sector Housing Grants	163,900	(22,610)	(186,510)	-113.8%
SHG03	Homelessness Accommodation	251,340	242,170	(9,170)	-3.6%
SPS05	Administration Buildings	257,310	231,920	(25,390)	-9.9%
SPS06	Mddc Depots	28,120	58,530	30,410	108.1%
SPS08	Office Building Cleaning	53,490	54,210	720	1.3%
SPS09	Property Services Staff Unit	377,210	404,050	26,840	7.1%
		1,131,370	968,270	(163,100)	-14.4%
<b>GRAND TOTAL</b>		<b>9,619,720</b>	<b>9,895,100</b>	<b>275,380</b>	<b>-0.6</b>

## **HOMES PDG 2018/19 Service Unit Budgets**

### **SES15 Private Sector Housing C**

Group	Description	2016/17 Actuals	2017/18 Budget	2018/19 Budget	Movement
1000	Employees	156,731	155,280	0	(155,280)
3000	Transport	5,457	6,880	0	(6,880)
4000	Cost Of Goods And Services	2,571	2,240	2,390	150
7000	Income	(270,593)	(500)	(25,000)	(24,500)
	<b>Sum:</b>	<b>(105,834)</b>	<b>163,900</b>	<b>(22,610)</b>	<b>(186,510)</b>

Cost Centre	Cost Centre Name	2018/19 Budget
ES354	Private Sector Housing Team	(22,610)
	<b>TOTAL</b>	<b>(22,610)</b>

#### **Major cost increases**

No major changes.

#### **Major cost decreases and changes in income**

Employee costs have been moved to Public Staff Staff unit ES733.

**SHG03 Homelessness Accommm**

Group	Description	2016/17 Actuals	2017/18 Budget	2018/19 Budget	Movement
1000	Employees	191,430	207,260	204,460	(2,800)
2000	Premises	3,698	5,300	5,470	170
3000	Transport	11,421	11,840	11,700	(140)
4000	Cost Of Goods And Services	192,350	199,640	192,340	(7,300)
7000	Income	(313,788)	(172,700)	(171,800)	900
	<b>Sum:</b>	<b>85,111</b>	<b>251,340</b>	<b>242,170</b>	<b>(9,170)</b>

Cost Centre	Cost Centre Name	2018/19 Budget
HG320	Housing & Homelessness Ad	42,970
HG373	Housing Options Staff	199,200
	<b>TOTAL</b>	<b>242,170</b>

**Major cost increases**

No major changes.

**Major cost decreases and changes in income**

No major changes.



**SPS05 Administration Buildings**

Group	Description	2016/17 Actuals	2017/18 Budget	2018/19 Budget	Movement
1000	Employees	2,180	20	20	0
2000	Premises	337,486	298,630	272,710	(25,920)
3000	Transport	2	0	0	0
4000	Cost Of Goods And Services	62,982	34,480	32,990	(1,490)
7000	Income	(100,086)	(75,820)	(73,800)	2,020
	<b>Sum:</b>	<b>302,563</b>	<b>257,310</b>	<b>231,920</b>	<b>(25,390)</b>

Cost Centre	Cost Centre Name	2018/19 Budget
PS800	Civic Suite	0
PS810	Phoenix House	218,390
PS820	Dcc Library	(2,880)
PS830	Town Hall	0
PS840	Crediton Office Building	16,410
	<b>TOTAL</b>	<b>231,920</b>

**Major cost increases**

No major changes.

**Major cost decreases and changes in income**

Specific project revenue budget requirement has reduced for 18-19.

**SPS06 Mddc Depots**

Group	Description	2016/17 Actuals	2017/18 Budget	2018/19 Budget	Movement
2000	Premises	61,626	53,830	57,170	3,340
4000	Cost Of Goods And Services	2,494	1,440	1,360	(80)
7000	Income	(11,153)	(27,150)	0	27,150
	<b>Sum:</b>	<b>52,966</b>	<b>28,120</b>	<b>58,530</b>	<b>30,410</b>

Cost Centre	Cost Centre Name	2018/19 Budget
PS850	Old Road Depot	58,530
PS860	Station Yard Depot	0
PS870	Lords Meadow Depot	0
	<b>TOTAL</b>	<b>58,530</b>

**Major cost increases**

No major changes.

**Major cost decreases and changes in income**

Income budgets for the rental of Station Yard and Lords Meadow Depot have been taken out due to the sale of both assets.

**SPS08 Office Building Cleaning**

Group	Description	2016/17 Actuals	2017/18 Budget	2018/19 Budget	Movement
1000	Employees	38,668	41,250	41,470	220
3000	Transport	(22)	0	0	0
4000	Cost Of Goods And Services	20,725	12,240	12,740	500
	<b>Sum:</b>	<b>59,371</b>	<b>53,490</b>	<b>54,210</b>	<b>720</b>

Cost Centre	Cost Centre Name	2018/19 Budget
PS970	Office Building Cleaning	54,210
	<b>TOTAL</b>	<b>54,210</b>

**Major cost increases**

No major changes.

**Major cost decreases and changes in income**

No major changes.

**SPS09 Property Services Staff U**

Group	Description	2016/17 Actuals	2017/18 Budget	2018/19 Budget	Movement
1000	Employees	281,773	361,520	381,250	19,730
2000	Premises	0	0	0	0
3000	Transport	21,194	17,960	21,800	3,840
4000	Cost Of Goods And Services	14,304	6,130	5,200	(930)
7000	Income	(685)	(8,400)	(4,200)	4,200
	<b>Sum:</b>	<b>316,586</b>	<b>377,210</b>	<b>404,050</b>	<b>26,840</b>

Cost Centre	Cost Centre Name	2018/19 Budget
PS980	Property Services Staff Unit	404,050
	<b>TOTAL</b>	<b>404,050</b>

**Major cost increases**

Estates and Open Spaces Officer salary costs have moved into this costs centre.

**Major cost decreases and changes in income**

No major changes.

# 2018/19 BUDGETS

## Transfers from Earmarked Reserves

# Appendix 4

SERVICE		UTILISE NHB	OTHER	
CS938	DIGITAL STRATEGY STAFFING			
ES733	PUBLIC HEALTH	(35,900)		
LD600	LEGAL SERVICES			
PR200	DEVELOPMENT CONTROL			
PR220	TIVERTON EUE		(52,030)	
PR225	GARDEN VILLAGE PROJECT		(51,830)	
PR400	BUSINESS DEVELOPMENT	(45,000)		
PR400	BUSINESS DEVELOPMENT	(100,000)		
PR810	STATUTORY DEVELOPMENT PLAN	(350,000)		
RB600	REVENUES MISC INCOME TEAM			
ES361	PUBLIC HEALTH			
EQ638	DEV CONT LINEAR PARK		(4,170)	
EQ640	W52 POPHAM CLOSE COMM FUND		(1,950)	
EQ641	W67 MOORHAYES COM DEV FUND		(1,630)	
EQ642	W69 FAYRECROFT WILLAND EX WEST		(4,620)	
EQ643	W70 DEVELOPERS CONTRIBUTION		(6,650)	
EQ644	DEV CONT WINSWOOD CREDITON		(3,080)	
EQ660	ES354 PRIVATE SECTOR HOUSING EMR		(20,000)	
<b>TOTAL</b>		<b>(530,900)</b>	<b>(145,960)</b>	<b>(676,860)</b>

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# 2018/19 BUDGETS

Appendix 3

## Transfers into Earmarked Reserves

SERVICE		MAINT 18/19 BUDGET	PLANT 18/19 BUDGET	EQUIPMENT 18/19 BUDGET	VEHICLES 18/19 BUDGET	OTHER 18/19	NEW HOMES BONUS	Market Walk /Fore Street Surplus
CS500	MESSENGER SERVICES				1,440			
CS900	CENTRAL PHOTOCOPYING							
CS902	CENTRAL POSTAGE							
CS910	CUSTOMER SERVICES ADMIN							
CS932	CUSTOMER FIRST							
ES100	CEMETERIES	25,000						
ES450	PARKS & OPEN SPACES	25,000			1,200			
ES580	POOL CAR RUNNING COSTS				4,320			
ES660	CONTROL OF POLLUTION							
ES730	ENVIRONMENTAL ENFORCEMENT				2,210			
GM960	GROUNDS MAINTENANCE		14,360		42,010			
EQ754	PHOENIX PRINTERS EQUIP SFUND			2,200				
LD201	ELECTION COSTS - DISTRICT					20,000		
LD300	DEMOCRATIC REP & MANAGEMENT					5,000		
PR810	STATUTORY DEVELOPMENT PLAN					100,000		
PS350	PUBLIC CONVENIENCES				1,120			
PS880	BUS STATION	5,000						
PS980	PROPERTY SERVICES STAFF UNIT				7,400			
RB100	COUNCIL TAX				740			
RS140	LEISURE SINKING FUND			100,000				
EQ737	STREET CLEAN VEHICLE SFUND				52,670			
EQ738	REFUSE VEHICLE SFUND				230,900			
EQ739	TRADE WASTE VEHICLE SFUND				23,070			
EQ740	RECYCLING VEHICLE SFUND				158,800			
EQ761	RECYCLING PLANT SFUND		20,000					
EQ	RECYCLING MAINT SINKING FUND	2,700						
IE435	New Homes Bonus Grant						1,200,000	
NHB								
<b>TOTAL</b>		<b>57,700</b>	<b>34,360</b>	<b>102,200</b>	<b>525,880</b>	<b>125,000</b>	<b>1,200,000</b>	<b>0</b>

2,045,140

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£k

**Estates Management****Lords Meadow Leisure centre**

Lords Meadow - Replace main pool filters	80
Lords Meadow - Tennis Courts surface and lining	25

**Exe Valley Leisure Centre**

EVLC pool tiling and balance tank repairs	25
EVLC - Pool Cover	25

<b>Total</b>	<b>155</b>
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**Other MDDC Buildings****Phoenix House**

Phoenix House - Electric water heater replacement	25
Phoenix House- Toilet refurbishment flooring and units	30

**MDDC Depot Sites**

Old Road Depot - Actions following condition report	50
Grounds Maintenance relocation (subject to feasibility)	80

**Play Areas**

Play area refurbishment District wide	50
---------------------------------------	----

**Other Projects**

Land drainage flood defence schemes	25
Land drainage flood defence schemes - Ashleigh Park Bampton	87

**General Fund Development Schemes**

Tiverton Redevelopment project - Asset acquisition	4,000
<b>Total</b>	<b>4,347</b>

**Economic Development Schemes**

Tiverton Town Centre improvements	40
Mills Electricity Project	100
Broadband Project	100
<b>Total</b>	<b>240</b>

**ICT Projects**

Desktop states replacement/refresh	50
CRM replacement	75
Data centre hardware refresh servers/storage	120
Replacement Grounds Maintenance system	100
<b>Total</b>	<b>345</b>

**Affordable Housing Projects**

Grants to housing associations to provide houses (covered by Commuted Sums)	116
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	<b>Total</b>	<b>116</b>
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**Private Sector Housing Grants**

Empty homes and enforcement		106
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Disabled Facilities Grants–P/Sector		500
-------------------------------------	--	-----

	<b>Total</b>	<b>606</b>
--	--------------	------------

**Replacement Vehicles****Grounds Maintenance**

Van Tipper		52
------------	--	----

	<b>Total</b>	<b>52</b>
--	--------------	-----------

	<b>TOTAL GF PROJECTS</b>	<b>5,861</b>
--	--------------------------	--------------

**HRA Projects****Existing Housing Stock**

Major repairs to Housing Stock		2,101
--------------------------------	--	-------

Renewable Energy Fund		100
-----------------------	--	-----

Disabled Facilities Grants - Council Houses		300
---	--	-----

**Housing Development Schemes**

Palmerston Park - Soil Nailing -RC Wall -Tree Clearance-Re sequencing charges		1,056
---	--	-------

Birchen Lane - PHL correction work		143
------------------------------------	--	-----

	<b>Total</b>	<b>3,700</b>
--	--------------	--------------

**HRA Replacement Vehicles**

Van Tipper 7T (Voids)		40
-----------------------	--	----

	<b>Total</b>	<b>40</b>
--	--------------	-----------

	<b>TOTAL HRA PROJECTS</b>	<b>3,740</b>
--	---------------------------	--------------

	<b>GRAND TOTAL GF + HRA</b>	<b>9,601</b>
--	-----------------------------	--------------

**MDDC Funding Summary**

	<b>2018-19</b>
	<b>£k</b>

**EXISTING FUNDS**

Capital Grants Unapplied Reserve	636
----------------------------------	-----

Capital Receipts Reserve	1,125
--------------------------	-------

Earmarked Reserves	1462
--------------------	------

Miscellaneous Funding	2,338
-----------------------	-------

Subtotal	<b>5,561</b>
----------	--------------

**NEW FUNDS**

Borrowing	4,000
-----------	-------

Revenue Contributions	40
-----------------------	----

Subtotal	<b>4,040</b>
----------	--------------

<b>TOTAL FUNDING</b>	<b>9,601</b>
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**HOMES PDG**  
**14 NOVEMBER 2017**

## **HRA MEDIUM TERM FINANCIAL PLAN**

**Cabinet Member** Cllr Peter Hare-Scott, Cllr Ray Stanley  
**Responsible Officer** Andrew Jarrett, Director of Finance, Assets & Resources  
Andrew Pritchard, Director of Operations

**Reason for Report:** This report provides an estimate of the budget required for the operation of the Housing Revenue Account (HRA) from 2018/19-2021/22.

**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.

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

### **1.0 Introduction**

- 1.1 Finance and Housing officers have now collated a draft budget for 2018/19 which proposes a balanced budget position, shown as part of a separate report at this meeting.
- 1.2 Further to this, the Directors and relevant Housing Managers 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 have dictated how this will change, stating that Mid Devon's Formula Rent (FR) will decrease by 1% each year until 2020 and then increase each year by CPI+1% from 2020-2025. Please note that FR is the amount of rent that properties on social rent are to be charged, according to central government.
- 2.2 Other areas of income, such as garage rents, shop rents, service charges and community alarms, tend to see price rises that are small incremental changes or not at all. For this reason, the plan assumes that these budgets will move at the same rate as the dwelling rent.
- 2.3 The operational costs of the supplies and services and transport are expected to rise by 2.5% per year.
- 2.4 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 increases here are where further debt is taken on to fund large scale projects.
- 2.5 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 by 1.3%, 1.5% and 1.5% respectively.

	2018/19 £k	2019/20 £k	2020/21 £k	2021/22 £k
Gross expenditure	6,405	6,549	6,663	6,702
Income	(13,358)	(13,376)	(13,955)	(14,624)
Net cost of services	(6,952)	(6,827)	(7,292)	(7,922)
Indirect costs	4,933	5,004	5,100	5,266
Surplus	(2,019)	(1,823)	(2,192)	(2,656)
Transfer to HMF	2,019	1,823	2,192	2,656
Balance	0	0	0	0

### HRA Reserve

- 2.6 It is anticipated that the HRA reserve balance will stand at £2m at the beginning of 2018/19. 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 2021/22.
- 2.7 In an effort to address the needs identified in the Housing thirty year asset management plan, an amount is to be invested in an earmarked reserve for the long term maintenance of the properties (the Housing Maintenance Fund or HMF). This fund will be used to cover the shortfall in future years, when the demand is greater than tenant rents can meet.

### **3.0 Future Issues**

3.1 The HRA Budget report 2018/19, also presented at this meeting, describes the following issues.

- Universal Credit
- Rent Policy – decreases until 2020 and then a return to incremental increases

3.2 Clearly, these are significant challenges facing the HRA. Once more detailed information becomes available, individual reports will be produced for members and the subsequent Medium Term Financial Plan will take account of them.

### **4.0 Conclusion**

4.1 The feedback from this meeting will be noted when preparing the final budget proposals, to be brought before this group on 16/01/18.

**Contact for more information:**

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**Circulation of the Report:**

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

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**MID DEVON DISTRICT COUNCIL**  
**HRA MEDIUM TERM FINANCIAL PLAN 2017-18 TO 2021-22**

	Current Base								
	2017-18 £	Infl %	2018-19 £	Infl %	2019-20 £	Infl %	2020-21 £	Infl %	2021-22 £
<b>Employee costs</b>									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	2,250,580		2,418,890		2,449,126		2,485,863		2,523,151
<i>Inflation base</i>	2,250,580		2,418,890	1.3%	2,449,126	1.5%	2,485,863	1.5%	2,523,151
One off initiatives	0		0		0		0		0
<b>Total in year cost</b>	<b>2,250,580</b>		<b>2,418,890</b>		<b>2,449,126</b>		<b>2,485,863</b>		<b>2,523,151</b>
<b>Premises costs</b>									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	165,030		163,310		167,393		171,578		175,867
<i>Inflation base</i>	165,030		163,310	2.5%	167,393	2.5%	171,578	2.5%	175,867
One off initiatives									
<b>Total in year cost</b>	<b>165,030</b>		<b>163,310</b>		<b>167,393</b>		<b>171,578</b>		<b>175,867</b>
<b>Transport related costs</b>									
Cost pressures			0		30,000		0		0
Savings			(156,550)		0		(11,000)		(89,000)
Base budget	407,960		407,960		257,695		294,888		290,985
<i>Inflation base</i>	407,960		251,410	2.5%	287,695	2.5%	283,888	2.5%	201,985
One off initiatives									
<b>Total in year cost</b>	<b>407,960</b>		<b>251,410</b>		<b>287,695</b>		<b>283,888</b>		<b>201,985</b>
<b>Supplies and services</b>									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	2,176,744		2,218,470		2,273,932		2,330,780		2,389,050
<i>Inflation base</i>	2,176,744		2,218,470	2.5%	2,273,932	2.5%	2,330,780	2.5%	2,389,050
One off initiatives									
<b>Total in year cost</b>	<b>2,176,744</b>		<b>2,218,470</b>		<b>2,273,932</b>		<b>2,330,780</b>		<b>2,389,050</b>
<b>Support services</b>	1,245,730		1,353,660	1.3%	1,370,581	1.5%	1,391,139	1.5%	1,412,007
<b>Total gross expenditure</b>	<b>6,246,044</b>		<b>6,405,740</b>		<b>6,548,727</b>		<b>6,663,248</b>		<b>6,702,059</b>
<b>Rents , fees, charges and grants</b>									
Cost pressures			0		62,322		62,322		62,322
Savings			0		(214,083)		(173,581)		(243,014)
Base budget	(13,535,610)		(13,357,500)		(13,223,925)		(13,843,836)		(14,443,523)
<i>Inflation base</i>	(13,535,610)		(13,357,500)	-1.0%	(13,375,686)	3.5%	(13,955,095)	3.5%	(14,624,215)
One off initiatives	0		0		0		0		0
<b>Total in year cost</b>	<b>(13,535,610)</b>		<b>(13,357,500)</b>		<b>(13,375,686)</b>		<b>(13,955,095)</b>		<b>(14,624,215)</b>
<b>NET COST OF SERVICES</b>	<b>(7,289,566)</b>		<b>(6,951,760)</b>		<b>(6,826,960)</b>		<b>(7,291,847)</b>		<b>(7,922,156)</b>
Interest Payable	1,160,000		1,115,070		1,115,000		1,179,000		1,201,000
Interest Payable HRA to GF	54,500		50,540		48,480		46,360		44,200
Capital Financing	977,250		991,260		977,253		991,263		993,313
Contribution to Capital - MRA	2,275,000		2,101,000		2,092,000		1,993,000		1,984,000
Affordable Rent surplus	72,330		72,330		157,240		232,176		337,508
Transfer to Housing Maintenance Fund (HMF)	2,181,570		2,018,930		1,823,182		2,190,927		2,656,356
Principal adjustment	568,916		602,630		613,805		659,122		705,780
<b>Budget (Surplus) / Deficit</b>	<b>0</b>		<b>0</b>		<b>(0)</b>		<b>0</b>		<b>0</b>
Opening balance 01 April	(2,000,000)		(2,000,000)		(2,000,000)		(2,000,000)		(2,000,000)
<b>Closing balance 31 March</b>	<b>(2,000,000)</b>		<b>(2,000,000)</b>		<b>(2,000,000)</b>		<b>(2,000,000)</b>		<b>(2,000,000)</b>

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**MID DEVON DISTRICT COUNCIL HRA  
MEDIUM TERM FINANCIAL PLAN 2017-18 TO 2021-22  
COST PRESSURES SUMMARY**

	2018-19 £		2019-20 £		2020-21 £		2021-22 £
<b>Employee costs</b>							
Service cost pressures (JE/restructures new pension contributions)							
Additional employers NIC re contacted out pensions							
Pension backfunding							
<b>Employees total to summary</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Premises costs</b>							
Service cost pressures							
<b>Transport total to summary</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
Service cost pressures			30,000				
<b>Transport total to summary</b>	<b>0</b>		<b>30,000</b>		<b>0</b>		<b>0</b>
<b>Supplies and services</b>							
Service cost pressures							
Increased MRA							
<b>Supplies and Services total to summary</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fees, charges and grants</b>							
Service cost pressures							
Rent lost through RTB (15, 15, 15)			62,322		62,322		62,322
<b>Fees, charges and grants summary</b>	<b>0</b>		<b>62,322</b>		<b>62,322</b>		<b>62,322</b>
Other cost variances highlighted in the budget monitoring process							
<b>Other income to summary</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Net Total</b>	<b>0</b>		<b>92,322</b>		<b>62,322</b>		<b>62,322</b>

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**MEDIUM TERM FINANCIAL PLAN 2017-18 TO 2021-22  
SAVINGS SUMMARY**

			2018-19 £		2019-20 £		2020-21 £		2021-22 £
<b>Employee costs</b>									
Establishment reductions									
<b>Employees total to summary</b>			<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Premises costs</b>									
<b>Premises total to summary</b>			<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Transport related costs</b>									
Fewer vehicle purchases required			(156,550)				(11,000)		(89,000)
<b>Transport total to summary</b>			<b>(156,550)</b>		<b>0</b>		<b>(11,000)</b>		<b>(89,000)</b>
<b>Supplies and services</b>									
<b>Supplies and Services total to summary</b>			<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Rents , fees, charges and grants</b>									
Service increases									
Burlescombe, Bampton, Stoodleigh, Willand & Tiverton							(173,581)		(243,014)
Palmerston Park rent (retained) - 26					(150,437)				
11 properties across three existing schemes					(63,646)				
<b>Fees, charges and grants summary</b>			<b>0</b>		<b>(214,083)</b>		<b>(173,581)</b>		<b>(243,014)</b>
<b>Other income</b>									
							<b>0</b>		<b>0</b>
<b>Other income to summary</b>			<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Total Initiatives</b>			<b>(156,550)</b>		<b>(214,083)</b>		<b>(184,581)</b>		<b>(332,014)</b>

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**HOMES PDG**  
**14 NOVEMBER 2017**

## **DRAFT 2018/19 HOUSING REVENUE ACCOUNT (HRA) BUDGET**

<b>Cabinet Member</b>	Cllr Peter Hare-Scott
<b>Responsible Officer</b>	Andrew Jarrett, Director of Finance, Assets & Resources Andrew Pritchard, Director of Operations

**Reason for the report:** To consider options available in order for the Council to set a balanced budget for 2018/19 and agree a future strategy for further budgetary planning for 2019/20 onwards.

**RECOMMENDATION:** To consider the draft budget proposals for 2018/19 and note the proposed balanced position at this time.

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

**Financial Implications:** The Housing Revenue Account currently has a balanced budget for 2018/19.

It is a statutory requirement for the Local Authority to set a balanced budget each year.

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

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

### **1.0 Introduction**

- 1.1 The HRA is a ring-fenced account within Mid Devon's financial accounting system. This means that a balanced budget must be set each year including all income and expenditure pertinent to the Council's landlord function and excluding all other income and expenditure (since this would be captured as part of the General Fund budget).
- 1.2 This report will set out management's proposals for a draft HRA budget for 2018/19 and members will see from Appendix 1 that, as it stands, the budget has been balanced and so nets to nil. The report will outline the key issues affecting the HRA today, along with how they impact on the setting of a budget for 2018/19. The report will go on to make recommendations to members to note its content and to highlight issues expected to affect the HRA in the future.

## 2.0 Key Issues

### Right to Buy Property Sales

- 2.1 Central government have imposed a Right to Buy (RTB) policy on local authority landlords which is extremely generous to the tenant but which is detrimental to the running of an HRA. The result of this is of course that tenants are incentivised to exercise their right to buy and each time they do, our rent income reduces and the sale proceeds received are small.
- 2.2 At present, a tenant could pay as little as £30,000 for a £100,000 house. In such a case as this, the Council would retain only a portion of this as some of the money has to be returned to central government. If we then fail to spend sufficient funds on building new homes during the subsequent three years, still more of the sales proceeds have to be returned to central government.

### Rent decrease

- 2.3 In 2015 central government announced that social and affordable rents would decrease by 1% each year for the four years from 2016/17 to 2019/20. The budget being set for 2018/19 is the second year of this policy and so there are two further years to run beyond this one. From 2020-2025, the pre-existing rent policy of increasing by CPI+1% annually will be reintroduced.
- 2.4 The difficulty this gives Mid Devon is that, whilst we currently have sufficient funds to carry out the day-to-day running of the service, we are not generating sufficient funds to build new homes at the rate that central government demands of us.

### Other income

- 2.5 It is proposed to increase garage rents slightly by ten pence per week (0.9%) to £11.20. It is considered sensible to maintain such a minor increase since a larger one is likely to lead to a reduction in customer numbers.
- 2.6 Community alarms are set to be frozen a £3.76 per week since this is considered to be on a par with what competitors are charging. However, it is proposed to increase the charge made to former sheltered properties from £3.30 to £3.76 (13.9%) since this is essentially the same service being offered at a lower rate and it has been the intention to synchronise these charges so that all customers are paying a single rate.

### Direct Labour Operation (DLO) carrying out non-DLO works

- 2.7 Each year any low demand periods experienced by our operatives are put to good use by carrying out works that might otherwise require Mid Devon to use an external contractor and so incur additional cost. In doing so, the Repairs team are able to transfer a significant amount of their costs to the relevant area and so reduce the overall DLO budget.
- 2.8 For 2018/19, the DLO have budgeted to transfer £1,062k of their costs to other areas as well as £600k of disabled adaptations work. This is a huge achievement as well as the obviously demanding task of maintaining an excellent repairs service.

### **3.0 Recommendation**

- 3.1 It is recommended that members of the group consider the proposals for this draft HRA budget along with the details laid out in this report. It is also recommended that members note that this report proposes a balanced budget for 2018/19. This is positive in that it means that there are no savings yet to be found to balance the budget.
- 3.2 However, it should be noted that some items within the budget may change between now and the final budget being agreed by Full Council and these changes could come as a result of members suggestions, management proposals or central government instructions.

### **4.0 Future Issues**

- 4.1 Universal Credit has been the biggest uncertainty in social housing for the last few years and continues to be so. It is not clear exactly what the impact of full transition will be for Mid Devon's landlord function but we do expect to see an impact during 2018/19 and there may be significant implications for budgets in future.
- 4.2 Following 2018/19, there will be one further year of the 1% rent decrease and then five years of increases at CPI+1%. After that, it is unclear what rent policy central government will set out for us to follow. Clearly, the costs of running the service will increase with inflation over the coming years and so it is hoped that rent collected will be sufficient to meet the needs of the service.

### **5.0 Conclusion**

- 5.1 This report has set out a proposed balanced budget for the HRA for 2018/19, with appendices attached showing the following.
1. The overall makeup of the budget at summary level
  2. The proposed rent for 2018/19
  3. The proposed fees and charges for 2018/19
  4. An extract from the Planned & Cyclical Maintenance budget
- 5.2 It has been recommended above that members note the contents of this report and details of the proposed budget. A further set of proposals will be brought before this group in January 2018 prior to approval by Full Council in February 2018.

#### **Contact for more information:**

Andrew Jarrett – Director of Finance, Assets & Resources  
01884 234242 | [ajarrett@middevon.gov.uk](mailto:ajarrett@middevon.gov.uk)

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

Leadership Team, Elected Members and Group Managers

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## Appendix 1

### Analysis by service

Code	Service unit	Previous Year Outturn	Current Year Budget	Movement	Proposed Budget 2018/19
	<b>Income</b>				
SHO01	Dwelling Rents Inc	(12,604,467)	(12,368,590)	250,100	(12,118,490)
SHO04	Non Dwelling Rents Inc	(573,241)	(571,420)	(11,710)	(583,130)
SHO07	Leaseholders' Ch For Serv	(20,887)	(21,640)	0	(21,640)
SHO08	Contributions Towards Exp	(62,729)	(36,470)	(5,000)	(41,470)
SHO09	Alarm Income - Non Tenants	(206,090)	(209,520)	2,720	(206,800)
SHO10	H.R.A. Investment Income	(59,430)	(40,000)	(19,000)	(59,000)
SHO11	Misc. Income	(636,997)	(19,000)	(350)	(19,350)
	<b>Services</b>				
SHO13A	Repairs & Maintenance	3,181,377	3,098,380	12,190	3,110,570
SHO17A	Housing & Tenancy Services	1,180,802	1,315,290	68,100	1,383,390
SHO22	Alarms & L.D. Wardens	100,270	121,700	(18,290)	103,410
	<b>Accounting entries 'below the line'</b>				
SHO29	Bad Debt Provision	(3,309)	25,000	0	25,000
SHO30	Share Of Corp And Dem	187,545	165,320	29,270	194,590
SHO32	H.R.A. Interest Payable	1,257,909	1,214,500	(48,890)	1,165,610
SHO34	H.R.A. Trf To/From Emr	2,716,699	2,952,820	(176,430)	2,776,390
SHO36	H.R.A. R.C.C.O.	109,352	32,000	8,000	40,000
SHO37	Capital Receipts Res Adj	(36,400)	(26,000)	0	(26,000)
SHO38	Major Repairs Allowance	2,797,005	2,275,000	(174,000)	2,101,000
SHO45	Renewable Energy Transactions	(180,224)	(130,000)	(39,000)	(169,000)
	<b>NET DIRECT TOTAL</b>	<b>(2,250,717)</b>	<b>(2,222,630)</b>	<b>(122,290)</b>	<b>(2,344,920)</b>

### Subjective analysis

Code	Service unit	Current Year Budget	Movement	Proposed Budget 2018/19
1000	Employees	2,250,580	168,310	2,418,890
2000	Premises	165,030	7,280	172,310
3000	Transport	407,960	(156,550)	251,410
4000	Cost Of Goods And Services	8,489,060	(319,090)	8,169,970
7000	Income	(13,535,610)	178,110	(13,357,500)
	<b>NET DIRECT TOTAL</b>	<b>(2,222,980)</b>	<b>(121,940)</b>	<b>(2,344,920)</b>
5000	RECHARGES	1,245,730	107,930	1,353,660
6000	CAPITAL CHARGES	977,250	14,010	991,260
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Assumptions

All rents to decrease by 1%, moving the actual average rent to £78.26 per week (over 52 weeks)

Thirty properties sold during 2017/18

Twenty properties sold during 2018/19

Average of twenty properties void at any one time

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

Affordable Rents to decrease by 1%, moving the actual average rent to £110.16 per week

Garage rents to be increased from £11.10 to £11.20 per week

Occupancy in HRA retail units to remain at current levels

Community alarm customer numbers to remain at current levels

HRA cash balances to remain high in the short term and so generate investment income of circa £59k

Debt repayments of £2,645k to PWLB

- including debt interest payments of £1,115k to PWLB and £51k to GF

£1,932k contribution to the Housing Maintenance Fund to be made

Recharges to increase by £108k

#### 6000 CAPITAL CHARGES

	£
MRP for capital financing (Wells Park)	74,950
Depreciation	2,000,000
Depreciation reversal	(2,000,000)
PWLB loan MRP	916,310
	<b>991,260</b>

#### SHO34 H.R.A. Transfer to/from EMR

	£
Surplus amount	1,932,427
Renewable energy surplus	169,000
Affordable Rent surplus	72,330
Loan premium deficit	602,633 (see below)
Total	<b>2,776,390</b>

#### PWLB loan

	£
Principal actually repaid	1,518,945
Principal accounted for	916,313
Loan premium deficit	<b>602,633</b>

HRA Rent Budget 2018/19

Description	Average rent (52 week basis) £	Average properties 2018/19	Annual rent total £	Void level	Annual rent total (less voids)	Budget (rounded)
Social rent (in use)	78.26	2,941	11,968,458	0.51%	11,907,416	11,907,420
Social rent (not in use)	78.26	6	24,417	100.00%	0	0
Affordable rent properties	110.16	43	246,318	0.51%	245,061	245,070
Rent written off					(35,000)	(35,000)
Written offs recovered					1,000	1,000
HO700 budget					12,118,477	12,118,490
Affordable rent surplus					72,327	72,330
TOTAL		2,990				

Formula Rent	78.31
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# HRA: Proposed Fees and Charges 2018/19

	<u>2017/18</u>	<u>Increase</u>	<u>Increase %</u>	<u>2018/19</u>
<u>Community Alarm Charges per week per property</u> (48 week basis)				
Accessible Accommodation Support	£3.30	£0.46	13.9%	£3.76
Lifeline Base Unit	£3.76	£0.00	0.0%	£3.76
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>				
Garage ground rents (Annual charge)	£225	£0	0.0%	£225
<u>N.B.</u>				
MDDC Formula Rent on average (52 weeks)	2017/18: <b>£79.10</b>		2018/19: <b>£78.31</b>	

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**HO130 Planned & Cyclical Maintenance (extract)**

Cost centre	Account	Account Description	Proposed Budget 2018/19
HO130	4205	Planned Insulation	10,000
HO130	4213	Planned Asbestos Work	225,000
HO130	4215	External Contr - Legionella	30,000
HO130	4216	External Contr - Electrical	70,000
HO130	4225	Smoke Detectors	23,000
HO130	4230	External Contr -Gas Servicing	335,000
HO130	4231	External Contr -Lift Maint	15,000
HO130	4232	External Contr - Paint & Reps	300,000
HO130	4233	Legionella Risk Assessment	68,000
HO130	4236	Air Source Heat Pump Servicing	30,000
HO130	4239	Carbon Monoxide Detectors	42,000
HO130	4243	Door Entry	5,000
HO130	4245	Sanctuary Works - H.R.A Stock	8,500
HO130	4522	Solid Fuel Repairs	11,000
HO130	4524	Garage Repairs	25,000
HO130	4526	Cyclical Testing	73,080
HO130	4527	Fire Safety Works	20,000
HO130	4528	Fire Risk Assessments	19,000
HO130	4529	Cyclical Asbestos Condition Checks	34,000
		<b>TOTAL</b>	<b>1,343,580</b>

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