

14 June 2018

CABINET – 25 JUNE 2018

A meeting of Cabinet will be held at 6.00pm on Monday 25 June 2018 in the Council Chamber, Town Hall, Rugby.

Adam Norburn
Executive Director

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes.
To confirm the minutes of the meeting held on 4 June 2018.
2. Apologies.
To receive apologies for absence from the meeting.
3. Declarations of Interest.
To receive declarations of –
 - (a) non-pecuniary interests as defined by the Council's Code of Conduct for Councillors;
 - (b) pecuniary interests as defined by the Council's Code of Conduct for Councillors; and
 - (c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a prejudicial interest, the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.

4. Question Time.

Notice of questions from the public should be delivered in writing, by fax or e-mail to the Executive Director at least three clear working days prior to the meeting (no later than Tuesday 19 June 2018).

Growth and Investment Portfolio

- 5. Rugby Destination Management Plan.
- 6. Visit England Discover England Fund bid.

Corporate Resources Portfolio

- 7. Finance and Performance Monitoring 2017/18 – Year End.

Communities and Homes Portfolio

Nothing to report to this meeting.

Environment and Public Realm Portfolio

- 8. Changes to Houses in Multiple Occupation (HMO) Licensing Regulations.

The following item contains reports which are to be considered en bloc subject to any Portfolio Holder requesting discussion of an individual report

- 9. Treasury Management 2017/18 – Annual Report.
- 10. Members' Allowances 2017/18.
- 11. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972.

To consider the following resolution:

“under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act.”

PART 2 – EXEMPT INFORMATION

Growth and Investment Portfolio

Nothing to report to this meeting.

Corporate Resources Portfolio

1. Corporate Asset Management System.

Communities and Homes Portfolio

2. Housing Management Team Structure Review.

Environment and Public Realm Portfolio

Nothing to report to this meeting.

The following item contains reports which are to be considered en bloc subject to any Portfolio Holder requesting discussion of an individual report

Nothing to report to this meeting.

Any additional papers for this meeting can be accessed via the website.

The Reports of Officers (Ref. CAB 2018/19 – 2) are attached.

Membership of Cabinet:

Councillors Stokes (Chairman), Mrs Crane, Lowe, Mrs Parker and Ms Robbins.

CALL- IN PROCEDURES

Publication of the decisions made at this meeting will normally be within three working days of the decision. Each decision will come into force at the expiry of five working days after its publication. This does not apply to decisions made to take immediate effect. Call-in procedures are set out in detail in Standing Order 15 of Part 3c of the Constitution.

If you have any general queries with regard to this agenda please contact Claire Waleczek, Senior Democratic Services Officer (01788 533524 or e-mail claire.waleczek@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

If you wish to attend the meeting and have any special requirements for access please contact the Democratic Services Officer named above.

AGENDA MANAGEMENT SHEET

Report Title:	Rugby Destination Management Plan
Name of Committee:	Cabinet
Date:	25 June 2018
Report Director:	Head of Growth and Investment
Portfolio:	Growth and Investment
Ward Relevance:	ALL
Prior Consultation:	Businesses and stakeholders with an interest in Rugby's visitor economy
Contact Officer:	Michael Beirne, Tourism and Town Centre Team Leader, email: michael.beirne@rugby.gov.uk , telephone: 01788 533213
Public or Private:	Public
Report subject to Call-In:	Yes
Report En-Bloc:	No
Forward Plan:	Yes
Corporate Priorities:	This report relates to the following priority(ies): GROWTH AND INVESTMENT - Promote and grow Rugby's visitor economy with our partners
Statutory / Policy Background:	The Cabinet report relates to the delivery of the Town Centre Action Plan 2016 – 2020.
Summary:	The purpose of this Cabinet report is to endorse a Destination Management Plan for the town and borough of Rugby.

Financial Implications:	The are no financial implications for this report.
Risk Management Implications:	There are no risk management implications for this report
Environmental Implications:	There are no environmental implications for this report
Legal Implications:	There are no legal implications for this report
Equality and Diversity:	There are no equality and diversity implications for this report
Options:	<p>Endorse a Destination Management Plan for the town and borough of Rugby.</p> <p>Do not endorse a Destination Management Plan for the town and borough of Rugby.</p>
Recommendation:	A Destination Management Plan for the town and borough of Rugby be endorsed.
Reasons for Recommendation:	The Destination Management Plan aims to manage tourism activity across the borough with key businesses and stakeholders.

Cabinet – 25 June 2018

Rugby Destination Management Plan

Report of the Head of Growth and Investment

Recommendation

A Destination Management Plan for the town and borough of Rugby be endorsed.

1. Introduction and objectives

One of the objectives within the Rugby Town Centre Action Plan 2016 – 2020 is to promote the town’s visitor economy and build on Rugby’s links to the game. Within this, there is a specific action to establish a Destination Management Plan by September 2019 to manage tourism activity across the borough with key businesses and stakeholders.

In early 2017, a consultant was commissioned to assess the current value of tourism in the borough, consult with stakeholders and develop recommendations for a Destination Management Plan, including an appropriate partnership structure.

Individual meetings and a workshop were held involving organisations with an interest in Rugby’s visitor economy, including attractions, businesses, accommodation providers and stakeholders. 23 meetings took place and 29 representatives attended the workshop. An online survey was also developed, with 24 responses. These methods were supported by an audit of current tourism assets in the borough and a tourism economic impact assessment. The following statistics provide some examples of findings about Rugby’s tourism industry:

- Total 2,273,000 annual trips to the borough by all types of visitors including over 2 million as UK day trips and over 170,000 overnight trips (average 3.6 nights stay).
- Total direct visitors’ spend of £110 million per annum - majority through day visits, £66.8 million.
- Supports 1,672 full time equivalent jobs (FTEs).
- 2,272 actual tourism related jobs (mix of part time, full time and seasonal posts).

The above methods, alongside national and regional tourism policy, were used to develop a Rugby Destination Management Plan and Action Plan 2017 – 2020. The aim of the plan is:

“To grow the local visitor economy by establishing strong partnerships between town and rural operators to deliver agreed actions, and working with neighbouring destination partners to deliver shared priorities”.

Within this, there are five core objectives:

1. Raise the profile and connected tourism offer of the Rugby area as a compelling place to visit
2. Increase economic benefits of tourism across the borough through resilient businesses and organisations
3. Strengthen delivery structures and the working relationship between organisations and businesses involved across the visitor economy
4. Support those involved in the visitor economy to be more familiar with the town and rural area products and visitor opportunities
5. Enhance the visitor experience, quality and connected infrastructure underpinning the tourism destination.

These objectives are supported by an action plan including detail about activities, timescales and key partners.

2. Progress to date

Since the Destination Management Plan was developed, progress has been made with a range of tourism-related initiatives. This has included the recruitment of a Tourism and Town Centre Team Leader (widening the remit of the previous Visitor Centre Team Leader role) and a Place Marketing Officer, responsible for delivering marketing plans for the World Rugby Hall of Fame and Rugby Town Centre, working closely with the council's key partners.

As part of Visit England's English Tourism Week, taking place between 17th to 25th March 2018, various activities were planned to promote tourism activity in the borough. This included the re-launch of town centre walking tours, a revised Rugby Visitor Guide and publications for the Blue Plaque trail, Pathway of Fame and a newly-established Real Ale trail. These were all developed using 'The Rugby Town' brand, which continues to grow and develop as part of marketing initiatives for the town. On 20th and 21st March the Visitor Centre Team attended the British Tourism and Travel Show to promote these products to the group travel market.

On March 20th an inaugural Rugby Tourism Partnership meeting was held, attended by over 30 organisations. This included a presentation from the tourism consultant Andrew Meredith outlining the Destination Management Plan in detail followed by a discussion of how its activities could be delivered by the partnership. Presentations were also delivered by the Tourism and Town Centre Team Leader to provide an update on current progress and guest speaker Helen Peters of Shakespeare's England, who spoke about the role of the tourism body for Stratford-upon-Avon, Warwick, Royal Leamington Spa, Kenilworth, and the surrounding towns. A key

outcome of the meeting was to establish a sub-group/s to take responsibility for collectively discussing, agreeing and delivering some tourism-related projects. The first of these sub-group meetings took place on Thursday 24th May. The main discussions related to developing a food and drink trail project and looking at the whether a Heritage Lottery Fund bid could be submitted to enhance the Festival of Culture in future years. It is anticipated that Tourism Partnership meetings will take place on a quarterly basis going forward.

On Friday 4th May a bid to Visit England's Discover England Fund was submitted. The national fund is currently in its third year and bids with a project value of up to £250k with project delivery by March 2019 are being accepted. It was launched to encourage destinations to develop world class bookable English tourism products to meet the needs of international consumers. Rugby's bid was submitted with a working title of 'The Rugby Pass', for a project value of £78,400 including match-funding and in-kind support.

If the bid was successful, the project would lead to the creation of one and two-day group itineraries including admission to the World Rugby Hall of Fame and town tours, enhanced by interactive mobile content. Two-day packages include activities with Wasps RFC including match-day experiences, ground tours or training sessions with the club's professional coaching staff. A number of marketing activities would be delivered if the funding bid was successful including PR, an international competition to bring 'rugby's biggest fan' to the town, video, social media, listings on global booking sites, promotion through Wasps RFC, translations and initiatives with businesses. The outcome of the funding bid will be known by June 2018 and further detail is covered in the next Cabinet report on the agenda.

3. Further details and next steps

The Destination Management Plan and associated action plan has been attached to this report.

Partnership meetings will take place on a quarterly basis, hosted and facilitated by Rugby Borough Council's Tourism and Town Centre Team Leader. The action plan focuses on delivering projects in the following areas:

- Building an identity and brand for Rugby as a whole destination – increasing awareness of 'The Rugby Town' and encouraging partners to link with this.
- Developing partnerships and networks for success – establishing regular meetings and sub-groups to focus on specific sectors of the visitor economy.
- Outward facing marketing – developing tourism products and delivering associated marketing activities.
- Delivering a Quality Destination – developing skills and infrastructure to develop the tourism industry in the borough.

The Tourism Partnership is in the early days of its development and officers are currently working with partners to identify some initial project ideas to develop as a group. The Visitor Economy Working Party will be kept regularly up-to-date with progress associated with the action plan. Any proposals for the delivery of specific

projects with spend against the town centre improvements budget will need to be approved by the Working Party and Cabinet if necessary.

Name of Meeting:
Cabinet

Date of Meeting:
25 June 2018

Subject Matter:
Rugby Destination Management Plan

Originating Department: Tourism and Town Centre Team

List of Background Papers

Document No.	Date	Description of Document	Officer's Reference	File Reference
The Rugby Destination Management Plan Final	11.07.2017			
Volume 2 Appendices Evidence Base - The Rugby Destination Management Plan	11.07.2017			

* The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

AGENDA MANAGEMENT SHEET

Report Title: Visit England Discover England Fund bid

Name of Committee: Cabinet

Date: 25 June 2018

Report Director: Head of Growth and Investment

Portfolio: Growth and Investment

Ward Relevance: Benn, Eastlands

Prior Consultation: Meetings with World Rugby, Wasps RFC and Rugby First

Contact Officer: Michael Beirne, Tourism and Town Centre Team Leader, email: michael.beirne@rugby.gov.uk, telephone: 01788 533213

Public or Private: Public

Report subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

Corporate Priorities: This report relates to the following priority(ies):
GROWTH AND INVESTMENT - Promote and grow Rugby's visitor economy with our partners

Statutory / Policy Background: The Cabinet report relates to the delivery of the Town Centre Action Plan 2016 - 2020 and Rugby Destination Management Plan 2017 - 2020

Summary: The purpose of this Cabinet report is to endorse a Visit England Discover England

	Fund bid and delivery of the associated activities should the bid be successful.
Financial Implications:	Endorsement of this report would allocate £10,000 of the Town Centre Improvements budget to the Visit England Discover England Fund bid and the associated activities.
Risk Management Implications:	There are no risk management implications for this report
Environmental Implications:	There are no environmental implications for this report
Legal Implications:	There are no legal implications for this report
Equality and Diversity:	There are no equality and diversity implications for this report
Options:	<p>Endorse a Visit England Discover England bid</p> <p>Do not endorse a Visit England Discover England bid</p>
Recommendation:	A Visit England Discover England bid be endorsed.
Reasons for Recommendation:	The activities included in the bid aims to attract international visitors to the World Rugby Hall of Fame and the town centre.

Cabinet – 25 June 2018

Visit England Discover England Fund bid

Report of the Head of Growth and Investment

Recommendation

A Visit England Discover England bid be endorsed.

1.1 Introduction

Visit England's Discover England Fund was launched to encourage destinations to develop world class bookable English tourism products to meet the needs of international consumers.

The fund is currently in its third year and bids with a project value of up to £250k with project delivery by March 2019 are being accepted.

The fund criteria places emphasis on partnership working and solutions to barriers to international travel to England.

An initial expression of interest was submitted on Friday 13th April and subsequently Rugby were invited to submit a full proposal by 4th May. This was submitted with a working title of 'The Rugby Pass', for a project value of £78,400 including match-funding and in-kind support.

If the bid was successful, the project would lead to the creation of one and two-day group itineraries including admission to the World Rugby Hall of Fame and town tours, enhanced by interactive mobile content. Two-day packages include activities with Wasps RFC including match-day experiences, ground tours or training sessions with the club's professional coaching staff.

1.2 Booking and distribution

The proposal summarised how the product would be packaged and distributed in the following way:

- The product will be packaged into one and two-day bookable itineraries, branded as 'The Rugby Pass' with a discount for groups of 10 or more.
- The current 'Sportsbooker' booking system for the World Rugby Hall of Fame will be adapted to incorporate the new packages and a front-end 'Rugby Pass' web page would be created.
- Wasps RFC will allocate a number of passes for live matches, stadium tours or training sessions, to be managed by the Rugby Visitor Centre Team.

- There will be key trade education through the development of a toolkit and factsheet and meetings with identified trade partners at their business or through workshops and a familiarisation visit to the town. A focus will be those intermediaries and operators with an interest or focus on sports tourism.
- We would also plan to attend World Travel Market and Explore GB to further establish relationships with suppliers.

1.3 Marketing and promotion

The following marketing and promotion activities would be delivered if the funding bid was successful:

- High quality design and marketing collateral.
- A high-impact public relations campaign.
- An international competition with World Rugby for 'rugby's biggest fan' to win a trip to the town.
- A video to be produced capturing footage and content of this pilgrimage.
- A paid social media campaign targeting European markets.
- Enhanced listings on global booking sites.
- Promotion through Wasps RFC e.g. mailshots, social media and in stadium opportunities.
- Translations for websites and marketing materials.
- Initiatives with Rugby First to work with businesses to include offers for inclusion in the product.
- Links with Shakespeare's England Destination Management Plan (DMP) and Visit Coventry and Warwickshire.

1.4 Timescales

The following indicative timescales have been developed for the project:

June/July 2018

- Outcome of Discover England funding bid known.
- Initial project meeting with Wasps RFC, World Rugby, Rugby School and the Rugby BID, clearly defining full details of the product.
- Development of trade collateral and identification of targets.
- Establishing a meeting and engagement plan with these targets including booking on to key trade events.
- 'The Rugby Pass' identity created.
- Secure a PR company and creation of 'Rugby's biggest fan' competition with World Rugby.
- Augmented reality brief established and advertised.
- Agreement of funding: Rugby Borough Council and Rugby First board meetings. Steering Group established and basis of plan established.

August 2018

- Finalisation of project partners and first Steering Group Meeting to agree plan.
- Launch of the 'Rugby biggest fan' competition (early August).
- Design of visual identity, copy and marketing materials, including translations.
- Agreement of digital marketing activity for key European target markets/segments.
- Booking systems and processes developed including front end 'Rugby Pass' page.
- Augmented reality contract awarded (late August).
- Development of town centre offers to include with 'The Rugby Pass'.

September 2018

- Finalisation of all print of trade print collateral.
- Winner of 'Rugby's biggest fan' competition visits the town and footage is captured for video.
- This coincides with the World Rugby Hall of Fame induction ceremony and will be the official 'launch' of our campaign.
- Video finalised and digital media campaigns commence, with video content (late September).
- Initial relationships developed with FIT operators for key listings and visits to key operators commencing to establish any opportunities for additional tactical spend.
- Marketing activities with Wasps RFC at start of rugby season commence.
- Second Steering Group Meeting to finalise plan and review progress.

October 2018 – November 2018

- Augmented reality content full developed and live in the town centre.
- Attend World Travel Market with arranged meetings with key distributors.
- Fresh PR around product with the inclusion of augmented reality content.
- This will also include potential tactical marketing spend opportunities with identified FIT operators.
- Attend World Travel Market.
- PR visits media and bloggers.
- 3rd Steering Group Meeting to review progress.

December 2018 – March 2018

- FAM trip or workshops arranged with key tour operators
- Attend Explore GB.
- PR visits media and bloggers
- End of Project Steering Group meeting to review outcomes and product development

1.5 Targets and evaluation

It is anticipated the project will deliver the following outcomes up to March 2019:

Outputs:

- Development of 2 day 'Rugby Pass' with associated add-ons.
- 6 familiarisation visits with travel trade.
- 6 individuals from travel trade attending a workshop or similar type event.
- 4 international travel/sports media/blogger visits.
- 8,000 additional social media sign-ups via the 'greatest fan' competition.
- 300 video submissions for PR competition.

Initial outcomes:

- 400 individual purchases of Rugby passes.
- 50,000 website visits to specific Rugby Pass URL.

Impacts:

- £12,500 additional visitor spend via purchase of passes.
- £25,000 additional visitor spend within the local Rugby economy.
- 30% increase in international visitors over given 6-month period in comparison to same period in previous year.

Further outcomes related to impact up to 2020 have also been included in the proposal. The evaluation will be managed by Rugby Borough Council, measured through the following methods:

- The number of visitors participating in the itineraries will be measured through the online booking system and the Rugby Visitor Centre Team.
- Outcomes will be monitored through monthly project meetings including key partners.
- A post-visit survey will be completed with visitors to measure including questions about spend in the local economy to measure economic impact.
- Rugby First, the Business Improvement District will work closely with retailers to understand the benefits to the town centre specifically

1.6 Budget and match-funding

The value of the project is £78,400. This includes a £10,000 contribution from Rugby Borough Council, to be met from the existing town centre improvements budget. The following match-funding would also be secured: World Rugby (£5,000 actual and £5,000 in-kind), Rugby First (£5,000) and Wasps RFC (£5,000 actual and £3,000 in-kind). The remaining £45,400 would be secured from Visit England as part of the bid.

The project also provides an opportunity to link with Tudor, the recently announced 'Presenting Partner' sponsor for the World Rugby Hall of Fame. The agreement with Tudor, and opportunities associated with this, is on the agenda for the next Steering Committee meeting for the attraction, involving the Leader of the Council, senior council officers, the CEO of World Rugby and other relevant representatives from the governing body. The Discover England Fund will be included as part of this discussion.

1.7 Project delivery and next steps

Should the bid be successful, the project will be overseen by Rugby Borough Council's Tourism & Town Centre Team Leader with support from the Place Marketing Officer and Visitor Centre Team.

On receipt of an award a Project Steering Group will be established overseen by the project manager and incorporating individuals from Rugby Borough Council, Rugby First, Rugby School, the Webb Ellis Museum, Wasps and World Rugby to establish key project timescales and delivery. This group will meet monthly for the first three months of the project and bi-monthly thereafter to develop and monitor the project plan and delivery.

Name of Meeting:
Cabinet

Date of Meeting:
Monday 26th June 2018

Subject Matter:
Visit England Discover England Fund bid

Originating Department: Tourism and Town Centre Team

List of Background Papers

Document No.	Date	Description of Document	Officer's Reference	File Reference

* The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

* Exempt information is contained in the following documents:

Document No.	Relevant Paragraph of Schedule 12A
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* There are no background papers relating to this item.

(*Delete if not applicable)

AGENDA MANAGEMENT SHEET

Report Title:	Finance & Performance Monitoring 2017/18 – Year-End
Name of Committee:	Cabinet
Date:	25 th June 2018
Report Director:	Head of Corporate Resources & Chief Financial Officer
Portfolio	All Portfolios
Ward Relevance	All Wards
Prior Consultation	Finance & Performance Monitoring 2017/18 – Quarter 3 Cabinet 5 th February 2018, Finance & Performance Monitoring 2017/18 – Quarter 2 Cabinet 4 th December 2017, Finance & Performance Monitoring 2017/18 – Quarter 1 Cabinet 4 th September 2017
Contact Officer	Mannie Ketley - Head of Corporate Resources & Chief Financial Officer
Report Subject to Call-in	Yes
Report En-Bloc	No
Forward Plan	Yes
Corporate Priorities	This report relates to the following priority(ies): All Council Priorities
Risk Management Implications	This report is intended to give Cabinet an overview of the Council's spending and performance position for 2017/18 to inform future decision-making.
Financial Implications	As detailed in the main report.
Environmental Implications	There are no environmental implications arising from this report.

Legal Implications

There are no legal implications arising from this report.

Equality and Diversity

No new or existing policy or procedure has been recommended.

Recommendation

RECOMMENDATION

- 1) The Council's anticipated financial position for 2017/18 be considered;

IT BE RECOMMENDED TO COUNCIL THAT:

- 2) The creation of a General Fund revenue carry forward earmarked reserve be approved;
- 3) Supplementary General Fund revenue expenditure budgets totalling £354,140 be approved for 2018/19, as a result of budget carry forwards from 2017/18 (see section 2.2);
- 4) A £354,140 transfer to the carry forward reserve be approved for 2017/18;
- 5) An £846,160 transfer to the Business Rates Equalisation reserve be approved for 2017/18;
- 6) A £463,970 transfer to the Budget Stability reserve be approved for 2017/18;
- 7) A net £187,000 transfer of revenue grants and Section 106 contributions to earmarked reserves be approved for 2018/19
- 8) Other 2017/18 net transfers to General Fund earmarked reserves, totalling £111,710 as detailed at Appendix 2, be approved;
- 9) Supplementary capital budgets be approved for 2018/19 as a result of budget carry forwards from 2017/18 as follows:
 - a. General Fund capital £3,657,190
 - b. Housing Revenue Account capital £7,258,590;
- 10) A 2017/18 HRA capital supplementary budget of £118,480 for the Housing Windows and Doors Replacement Scheme be approved, to be met from HRA balances;
- 11) A 2017/18 General Fund capital supplementary budget of £57,090 for Disabled Facilities Grant be approved, to be wholly funded by additional grant funding;
- 12) A 2017/18 General Fund capital supplementary

budget of £37,900 for the Purchase of Art Work be approved, to be funded by external grant and the art reserve;

- 13) A 2017/18 General Fund capital supplementary budget of £11,900 for the new Licensing System be approved to be funded by revenue contribution;
- 14) A 2017/18 General Fund capital supplementary budget of £40,110 for Open Spaces Safety Improvements and capital expenditure by parish councils be approved, to be wholly funded by Section 106 contributions;
- 15) A 2018/19 General Fund revenue salary budget virement of £72,000 to Customer Support Services from Work Services Unit be approved, following a successful trial period;
- 16) A 2018/19 General Fund capital supplementary budget of £75,000 for the procurement of a modern planning and LLPG system be approved, to be wholly funded from Planning Delivery Grant; and
- 17) Performance summary and performance data included in Appendix 5 be considered and noted.

**Reasons for
Recommendation**

The performance and financial position of the Council's General Fund and Housing Revenue Account budgets need to be noted by Cabinet to ensure Members are fully aware of the current status.

The report also includes supplementary, virement and savings requests that will require consideration for inclusion in the current 2018/19 budgets.

Cabinet – 25th June 2018

Finance & Performance Monitoring 2017/18 – Period 8

Report of the Head of Corporate Resources & Chief Financial Officer

RECOMMENDATION

- 1) The Council's anticipated financial position for 2017/18 be considered;

IT BE RECOMMENDED TO COUNCIL THAT:

- 2) The creation of a General Fund revenue carry forward earmarked reserve be approved;
- 3) Supplementary General Fund revenue expenditure budgets totalling £354,140 be approved for 2018/19, as a result of budget carry forwards from 2017/18 (see section 2.2);
- 4) A £354,140 transfer to the carry forward reserve be approved for 2017/18;
- 5) An £846,160 transfer to the Business Rates Equalisation reserve be approved for 2017/18;
- 6) A £463,970 transfer to the Budget Stability reserve be approved for 2017/18;
- 7) A net £187,000 transfer of revenue grants and Section 106 contributions to earmarked reserves be approved for 2018/19
- 8) Other 2017/18 net transfers to General Fund earmarked reserves, totalling £111,710 as detailed at Appendix 2, be approved;
- 9) Supplementary capital budgets be approved for 2018/19 as a result of budget carry forwards from 2017/18 as follows:
 - a. General Fund capital £3,657,190
 - b. Housing Revenue Account capital £7,258,590;
- 10) A 2017/18 HRA capital supplementary budget of £118,480 for the Housing Windows and Doors Replacement Scheme be approved, to be met from HRA balances;
- 11) A 2017/18 General Fund capital supplementary budget of £57,090 for Disabled Facilities Grant be approved, to be wholly funded by additional grant funding;
- 12) A 2017/18 General Fund capital supplementary budget of £37,900 for the Purchase of Art Work be approved, to be funded by external grant and the art reserve;
- 13) A 2017/18 General Fund capital supplementary budget of £11,900 for the new Licensing System be approved to be funded by revenue contribution;
- 14) A 2017/18 General Fund capital supplementary budget of £40,110 for Open Spaces Safety Improvements and capital expenditure by parish councils be approved, to be wholly funded by Section 106 contributions;
- 15) A 2018/19 General Fund revenue salary budget virement of £72,000 to Customer Support Services from Work Services Unit be approved, following a successful trial

period;

16) A 2018/19 General Fund capital supplementary budget of £75,000 for the procurement of a modern planning and LLPG system be approved, to be wholly funded from Planning Delivery Grant; and

17) Performance summary and performance data included in Appendix 5 be considered and noted.

1. INTRODUCTION

This report sets out the financial and performance year-end position for 2017/18 for both revenue and capital for the General Fund (GF) and Housing Revenue Account (HRA). Members should note that the financial figures may be subject to change until the audit of the accounts is completed, however, it is not expected that any major amendments having an impact on the Council's overall revenue financial position for 2017/18 will emerge.

The key sections of the report are laid out as follows:

- General Fund (GF) Revenue Budgets - Sections 2.1, 2.2 & 2.3 and Appendix 1;
- General Fund (GF) Reserves and Balances – Sections 2.7 and Appendix 2
- Housing Revenue Account (HRA) Revenue Budgets - Sections 3.1, 3.2 and Appendix 3;
- Housing Revenue Account (HRA) Reserves and Balances - Section 3.3;
- Capital Budgets - Section 4 and Appendix 4;
- Performance – Section 5 and Appendix 5

Throughout the report, from a financial perspective, adverse variances to budget, expenditure overspends and income shortfalls, are shown as positive values (+). Favourable variances, such as expenditure underspends and additional income, are shown as negative values (-).

2. GENERAL FUND (GF) REVENUE BUDGETS:

2.1 Key Messages

In 2017/18 the Council had total Portfolio expenditure of £14.160m against a revised budget, of £15.324m resulting in a one-off underspend of **-£1.164m**. Officers have requested that **+£354,000** of the underspend on portfolio budgets be carried forward to 2018/19, leaving a one-off net underspend of **-£811,000**.

This underspend has arisen mainly due to a number of one-off underspends that are not expected to continue to arise in future years. For example, over half of the net

portfolio underspend can be explained by the £487,000 overachievement of income from the Garden Waste service, as explained in more detail in section 2.2.

The Council's overall variance on the 2017/18 budget, after considering corporate items as part of the closedown process and reserve transfers, is an underspend of **-£1.077m** compared to revised budgets.

Included within this year-end position is the **-£22,000** overachievement of the Council's annual revised corporate savings target of £200,000, because of greater efficiencies achieved throughout the year.

Some of the major variances are explained in detail in section 2.2.

2.2 Key Items

Waste Collection & Recycling

The garden waste service has provided increased revenue, significantly over and above the initial budgeted expectations of £400,000 for year one. 48% of households subscribed to the service providing the Council with a revenue income of £887,000 in the first year. The cost of the processing the payments for the new garden waste service for 2017/18 was £12,010.

This strong level of service take-up has provided an additional £487,000 of income compared to the 2017/18 budget, contributing significantly to the overall favourable General Fund revenue position at year-end.

However, it should be noted, that take-up in the first twelve months was in-line with expectations for the third year of operation of the chargeable service. With only moderate further growth in service usage anticipated it is not expected that across the medium to long term that income will exceed the projections already contained within the Medium Term Financial Plan.

In addition, there have also been sizeable underspends of £165,000 due to an increase in the market price for recycled materials, resulting in lower than anticipated Recycling gate fee charges. Savings have not yet been recognised in 2018/19 due to the volatility in the market for recycled materials. Furthermore, the end of the current contract in 2019/20 also presents a substantial medium-term financial risk to the Council.

Hall of Fame

On first April 2017 a charge for entry was introduced, which was anticipated to generate an annual income of £165,000. However, in 2017/18 only £15,000 was recognised.

To improve customer numbers a range of marketing activities are being delivered to promote the attraction. This includes a community partnership with Wasps RFC, train station signage, national distribution of 121,000 leaflets, attendance at travel trade shows, social media, radio advertising and the production of a video with Rugby FM involving local rugby clubs.

In addition, the lack of a café provider resulted in a £50,000 income shortfall for the 2017/18 financial year, but after a successful tender process a new provider is now in place.

However, from a positive aspect, in February 2018 it was announced that a 'Presenting Partner' sponsor has been secured for the attraction, resulting in a £600,000 sponsorship.

Town Centre Improvements

The Town Centre Improvement budget is funded by the additional business rates generated from Phase 1 of the Elliot's Field development. The budget for 2017/18 was largely underspent this year. Consequently, a £200,000 carry forward has been requested to cover committed works of £75,000 including; Public Realm Study, Brown Tourism Signage Scheme, Destination Management and Market Reviews. The remaining balance of the carry forward will be discussed at the Visitor Economy Working Party.

Housing Option Team

Homelessness represents an increasing service and financial pressure for the Council. Historically the Council has used Bed and Breakfast when the need for temporary accommodation arises. However, with increasing demand on this service, this is becoming an unaffordable option and other alternatives are now being utilised.

To mitigate this pressure, the Council leased its first Private Sector Leasing (PSL) scheme property via a private landlord in June 2016. Since then 41 units of private sector accommodation have been secured, which will house local people in housing need.

Despite this initiative, homelessness demand remains very high. Notably Severe Weather Emergency Protocols (SWEPP) were in place for the vast majority of the final quarter of 2017/18. SWEPP aims to get rough sleepers off the streets during periods of below zero night-time temperatures, by providing emergency accommodation. This resulted in an extensive use of Bed and Breakfast accommodation during the period.

Overall, the service incurred a net spend of £515,000 during 2017/18 representing a £215,000 overspend against budget.

Planning Income

Planning fee income for 2017/18 was £1.131m, resulting in a surplus of £228,000 compared to the £903,000 revised budget. It is proposed £200,000 of this surplus is transferred to the budget stability reserve as detailed in section 2.7.

Salary Underspends

During 2017/18, there were a number of large one-off underspends across the portfolios as shown below;

- **IT Services** - £45,000 one-off savings due to vacant posts, including the ICT Manager post which is currently being recruited to.
- **Planning Services** - £65,000 one-off savings due to vacant posts and the failure to recruit to some of these posts, though this was offset with £36,000 spend on agency costs.
- **Corporate Property** - £58,000 one-off saving due to vacant posts, including the Property Manager post that was appointed to during 2017/18.
- **Regulatory Service** - £118,000 one-off savings due to a delayed restructure.
- **WSU Admin** - £172,000 underspends following the restructure. These savings have already been recognised in the 2018/19 budget.

2.3. Major Variances

General Fund revenue services show a net underspend to outturn of **-£811,000**. This amount is made up of a total in year variance -£1,165,000 and £354,000 carry forwards into 2018/19.

The following table identifies the major GF revenue budget variances and carry forward requests by Portfolio and Service area.

Portfolio	Variance/Carry Forward Requests			
Growth and Investment				
Service	Over / Under spend £	Carry Forward Request £	Net Variance £	Comments
Benn Hall	-31,940	0	-32,940	Following the new marketing plan, the Benn Hall has refreshed its events programme, which has contributed to bar sales increasing by 61% from the previous financial year, this has resulted in an overachievement of bar income of £28,000.
Economic Development	-30,580	+30,580	0	The variance mainly relates an extension to the Local Plan timeframe, plus small salary savings and other minor underspends across the service. A total of £30,580 is requested to be carried forward to complete the Local Plan in 2018/19.
Hall of Fame	+251,900	0	+251,900	See section 2.2
Town Centre Improvements	-200,540	+200,540	0	See section 2.2 A carry forward of the underspends of £200,540 is requested to cover the cost of deferred work.
Sport & Recreation	+46,680	0	+46,680	The variance mainly relates to redundancy costs, there are also small salary overspends within the Sport & Recreation department.
Other budget variances	+37,910	0	+37,910	
Sub-total	+73,430	+231,120	+304,550	

Positive Figures (+): Overspend/Underachievement of income
Negative Figures (-): Underspend/Additional income

Environment and Public Realm				
Service	Over/ Under spend £	Carry Forward Request £	Net Variance £	Comments
Cemeteries	-69,910	0	-69,910	The service has received higher than expected burial and licence income.
Allotments	+22,680	0	+22,680	The service has incurred costs for remedial works following the service being transferred to the Allotment Associations.
Safety and Resilience	-39,960	+4,000	-35,960	Salary underspends due to vacant posts of £27,000 and an underspend on staff training has resulted in the variance to the service. £4,000 of this underspend has been requested to be carried forward to provide additional health and safety training in 2018/19.
Miscellaneous Highway Services	-78,030	+38,000	-40,030	The service underspent as all scheduled work was not completed in 2017/18, due to a lack of staff resources. A carry forward of £38,000 is requested to fund car park repairs in 2018/19.
Waste Collection & Recycling	-688,650	0	-688,650	Following the successful introduction of the Garden Waste scheme, the service has seen an overachievement of budgeted income of £487,000. Further underspends of £165,000 on the service have arisen due to an increase in the market price for recycled materials, resulting in lower than anticipated Recycling gate fee charges. Savings have not yet been recognised in 2018/19 due to the volatility in the market for recycled materials.
Regulatory Services	-155,490	+50,000	-105,490	The underspend mainly relates to salary savings due to posts being held vacant pending the completion of the service restructure. A carry forward of £50,000 is requested for temporary additional staffing costs to enable the service to progress with the review of the Licensing service.
WSU	-149,350	0	-149,350	The Trade Waste service has seen an overachievement of £130,000 against its income budgets, following a revised pricing structure and an increase in customer numbers. There are also salary savings of £172,000 within the WSU Admin, although £132,000 of these savings have been used as a contribution to the Weighbridge Capital scheme.
Other budget variances	-51,180	0	-51,180	
Sub-total	-1,209,890	+92,000	-1,117,890	

Communities and Homes				
Service	Over/ Under spend £	Carry Forward Request £	Net Variance £	Comments
Central Telephone Services	+20,200	0	+20,200	As part of the digitalisation scheme there has been an increase in the number of handsets issued, resulting in a £15,000 overspend.
Welfare Services	-27,040	0	-27,040	The variance relates to 2016/17 income that has been received in 2017/18. Offsetting a shortfall in 2016/17.
Heart Service – Disabled Adaptations	+44,920	0	+44,920	The revenue budget includes a £30,000 credit from the capital scheme, to contribute towards the running costs of the scheme. However, as reported within the capital monitoring section, increased demand has led to budgetary constraints on the service. Consequently this £30,000 credit has not been made in 2017/18, contributing to an overspend against the revenue budget.
Housing Options Team	+206,470	0	+206,470	See section 2.2
Customer & Information Services	-43,160	0	-43,160	Salary savings from a number of vacant posts has resulted in a variance to the service of £44,000.
Other budget variances	-22,560	0	-22,560	
Sub-total	+178,830	0	+178,830	

Positive Figures (+): Overspend/Underachievement of income
Negative Figures (-): Underspend/Additional income

Corporate Resources				
Service	Over/ Under spend £	Carry Forward Request £	Net Variance £	Comments
Corporate Property Administration	-63,380	0	-63,380	Salary savings following a mid-year management change, in addition to a member of staff taking flexible retirement.
Housing Benefits Payments	+32,070	0	+32,070	Mainly due to an underspend on Housing Benefit payments less subsidy, this was offset with an underachievement of income from Housing Benefit overpayments.
Legal Services	-63,590	0	-63,590	Greater income generated from legal work for third parties, including Section 106, Tree Preservation Orders and Deeds of Variation, has resulted in a greater level of income to the service. Due to the ad-hoc nature of these requests, this income has not yet been incorporated into the 2018/19 budget.
General Financial Services	-24,300	0	-24,300	A £20,000 budget adjustment was made to the 2017/18 budget for expected additional bank charges relating to processing debit and credit card payments. However, with more customers choosing to pay via direct debit and other channels (faster payments) the falling volume of card transactions has more than offset these additional card handling costs. It should be noted that £12,000 of card processing costs relating to the garden waste service have been recorded against the waste service budget.
Human Resources Recruitment	+39,860	0	+39,860	The variance relates to an overspend on recruitment expenses of £39,860, due to high staff turnover and failure to recruit to a number of posts, which then needed to be re-advertised. There has been a number of salary underspend throughout the year as mentioned in section 2.2
Human Resources	-18,870	+8,730	-10,140	Other underspends on employee training and wellbeing costs. A £8,730 carry forward is requested from the HR training budget for additional training requirements in 2018/19 for the HR Strategy and Corporate Values
Other budget variances	-39,560	0	-39,560	
Sub-total	-137,770	+8,730	-129,040	

Positive Figures (+): Overspend/Underachievement of income
Negative Figures (-): Underspend/Additional income

Executive Directors Office				
Service	Over/ Under spend £	Carry Forward Request £	Net Variance £	Comments
Civic Responsibilities	-21,890	+22,290	+400	Underspends on members training and special events A carry forward of £22,290 is requested to be spent on Planning & Audit Training for Members, in addition to a Special Events programme that could include events for the centenary of WW1.
Communications	-34,400	0	-34,400	The variance largely relates to an underspend of £15,000 on Consultancy and Website Enhancements. The service has also started to provide a shared data management service with Nuneaton & Bedworth Borough Council generating additional income of £6,000 in 2017/18.
Other budget variances	-12,950	0	-12,950	
Sub-total	-69,240	+22,290	-46,950	
Portfolio Expenditure Subtotal	-1,164,640	+354,140	-810,500	

Positive Figures (+): Overspend/Underachievement of income
Negative Figures (-): Underspend/Additional income

Other Corporate Items	Over/ Under spend £	Carry Forward Request £	Net Variance £	
Net Cost of Borrowing	-171,770	0	-171,770	Through prudent management of our investment portfolio our income has exceeded budget. In particular, £80,000 exchange rate gains following sale of Icelandic bank assets.
Overachievement of Corporate Savings	-21,650	0	-21,650	See section 2.5 for further details
Other	-191,950	0	-191,950	Includes underspend on Minimum Revenue Provision (MRP) and Revenue Contributions to Capital Outlay (RCCO) – See Appendix 1
Sub-total	-385,370	0	-385,370	
Total Net Revenue Expenditure	-1,550,010	354,140	-1,195,870	

Positive Figures (+): Overspend/Underachievement of income
Negative Figures (-): Underspend/Additional income

2.3 Income and Reserve Transfers

The sources of income from which the net revenue expenditure was financed, together with transfers to and from reserves and balances are set out in the following table to give the final net budget position for the year.

	Revised Budget £	Actual £	Variance £	
Total Net Revenue Expenditure	15,566,560	14,016,550	-1,550,010	
Corporate Income				
Revenue Support Grant	-510,930	-510,930	0	
Retained Business Rates	-4,495,690	-5,342,690	-847,000	See section 2.6 for further details
Council Tax	-7,062,870	-7,062,870	0	See section 2.6 for further details
New Homes Bonus Grant	-2,671,540	-2,671,430	+110	
Other Grants	-375,350	-375,620	-270	
Collection Fund Surplus	-355,900	-355,900	0	
Sub-total	-15,472,280	-16,319,440	-847,160	
Transfers to and from Reserves and Balances				
Contribution to Carry Forward Reserve	0	354,000	+354,000	See section 2.4 for further details
Contribution to Budget Stability Reserve	264,160	264,160	0	See sections 2.6 & 2.7 for further details
Contribution to Business Rates Equalisation Reserve	0	846,160	+846,160	See section 2.7 for further details
Transfer from Earmarked Reserves	-120,000	0	+120,000	Planned transfer not required due year-end position
Transfer from GF Balances	-238,440	-238,440	0	See section 2.7 for further details
Sub-total	-94,280	1,225,880	+1,320,160	
NET POSITION	0	-1,077,010	-1,077,010	

The previous table shows that the final net position on General Fund revenue was an underspend of £1,078,390.

2.4 Carry Forwards

Council approval is sought for the creation of a new earmarked reserve for General Fund revenue carry forwards. The purpose of this reserve is to hold the balances of underspent General Fund revenue budgets that will be requested for approval from members to be carried forward into the new financial year. This allows the earmarking of these funds to be spent in the forthcoming financial year and aids the smoothing of volatility in General Fund balances.

It is proposed the carry forwards in the previous table are moved into the new earmarked carry forward reserve and subject to approval, be transferred back into the related services in 2018/19. If approval is not given these carry forwards will be transferred back into General Fund balances.

2.5 Corporate Savings

The annual £200,000 Corporate Savings target at the end of 2017/18 had been exceeded by £21,650, representing total savings of £221,650 achieved in the year. The following table summarises how the savings target has been realised.

	£
Savings Target for 2017/18	+200,000
Business Rates Refund (RAGM)	-53,000
One-off budgets within Economic Development no longer required	-73,000
Salary savings from vacant posts	-54,500
Other ad-hoc savings	-41,150
Total savings achieved in 2017/18	-221,650
Overachievement of	-21,650

2.6 Collection Fund

Council Tax

The authority's share of council tax income for 2017/18 was estimated in February 2017 at **£7.063m**.

The amount credited to the General Fund in 2017/18 for council tax income is fixed to the budgeted amount of council tax billed during the year, not the actual cash collected. Any difference between the actual amount collected and the initial forecast will feed through into a surplus or deficit on the Collection Fund, to be met from or credited to future years' budgets.

For 2017/18 the actual cash position for council tax was an overall surplus of £606,000. This will be distributed between ourselves, Warwickshire County Council and The Office of the Police and Crime Commissioner for Warwickshire in the relevant shares, as detailed in the Collection Fund Statement. Rugby Borough Council's share of the surplus is **£72,000** and this will be credited to the General Fund budget in 2019/20.

The Council Tax income has exceeded the budgeted amount mainly due to new houses coming into occupation and change in residents' circumstances.

Retained Business Rates

The authority's share of business rates income for 2017/18 was estimated at **£4.497m**.

The impact on the General Fund for business rates partially follows the council tax collection fund model, in that only some of the transactions go through the Collection Fund, whereas others are a direct charge for the General Fund.

The actual business rates income collected goes through the Collection Fund and in 2017/18 there is a year-end deficit of £2.638m. This will be distributed between ourselves, Warwickshire County Council and Central Government in the relevant shares. Rugby Borough Council's share of the deficit is **£1.055m** and this will be charged to the General Fund budget in 2019/20.

This deficit arose in 2017/18 due to a delay in the Valuation Office bringing new properties onto the Rating list e.g. Amazon at Gateway and LEVC at Ansty Park. There was also an increase in the appeal provision, with our share increasing from

£1.977m to **£4.437m**. This appeal provision was calculated by applying 4.7% to gross rates payable being the national average of appeal losses on the 2010 rating list as measured by the Ministry of Homes Communities and Local Government (MHCLG).

However, as mentioned previously some parts of the business rates retention system operate outside the Collection Fund and are a direct charge to the General Fund. The main aspect of the system the operates in this was is the levy that we have to pay Government each year, which is equivalent to 50% of the Council's share in the growth of local business rates. As a result of the lower business rates recorded in the Collection Fund, the £1.7m levy that paid to Government is £195,000 less than budgeted, resulting in a favourable variance for the General Fund.

The Council participates in the Coventry & Warwickshire Business rates pool (the Pool), which operates to allow partners to work together, so that the Council can retain a greater proportion of any business rate growth within the Pool area. The 50% levy of £1.7m is therefore also offset by a pooling gain and in 2017/18 £342,000 was gained from pool membership, which was higher than the budgeted amount £200,000.

As a result of lower levy and higher pooling gain, plus some additional s31 grant funding from Central Government, the overall income received and charged to the General Fund for 2017/18 was higher than estimated and resulted in an in-year surplus of **£846,000**.

It is proposed that this surplus be transferred to the Business Rates Equalisation reserve and will be used, alongside other balances within this reserve, to completely offset the £1.055m deficit as part of budget setting for 2019/10.

In summary:

- As a result of this partial Collection Fund model for business rates, there is a positive variance against budget, even though the actual 2017/18 cash performance was adverse.
- It is proposed this positive variance of £846,000 be transferred to the Business Rates Equalisation reserve.
- The actual deficit on collection in 2017/18 will be charged to the General Fund budget in 2019/20.
- Therefore the balance on the Business Rates Equalisation reserve will be used, to completely offset the £1.055m deficit as part of budget setting for 2019/10.

The following table provides a breakdown of the 2017/18 business rates budgets and actuals.

	2017/18 Budget £	2017/18 Outturn £	Variance £
RBC share of NDR Income @ 40%	-18,075,150	-18,075,150	0
Less Tariff	12,473,750	12,394,760	-78,990
Gross Amount Retained	-5,601,400	-5,680,390	-78,990
Section 31 Grants	-652,810	-1,081,810	-429,000
Levy Payment	1,957,690	1,761,810	-195,880
Net Retained Income	-4,296,520	-5,000,390	-703,870
Business Rates Pooling Income	-200,000	-342,290	-142,290
Total Business Rates Income	-4,496,520	-5,342,680	-846,160

The following table shows the movement in the collection fund from April 2017 through to 31st March 2018.

Collection Fund Surplus/Deficit

Every January as part of the annual budget setting process an estimate of the cumulative surplus/deficit position on the collection fund for the current year is also required.

This collection fund estimate forms part of the income budget for the forthcoming financial year. This amount is fixed and distributed from the collection fund and recorded in the general fund in-year.

At the end of the year, any difference between the estimated figures, and actual income figures, creates a surplus or deficit on the collection fund.

This surplus/deficit will roll forward to the next January estimate and form part of the cumulative position on the collection fund to be recovered or distributed in the forthcoming year.

The following table provides the movements from April 2017 for both Business Rates and Council Tax and illustrates the estimated values compared with the overall final position as at 31st March 2018.

	Council Tax 2017/18 £'000	Business Rates 2017/18 £'000	Total 2017/18 £'000
Balance at 1st April 2017	-99	-84	-183
Estimated position 31 st March	-87	115	28
Movement from estimate to outturn (to be recovered in 2019/20)	15	940	955
Balance at 31st March	-72	1,055	983

2.7 General Fund Balances

The following section sets out the year-end position for GF revenue balances and other major reserves in addition to the anticipated usage for 2018/19.

General Fund Balances

	£	£
General Fund Balance at 1st April 2017		-2,230,200
Carry Forward Budgets approved from 2016/17	+136,870	
Supplementary budget approvals	+101,570	
Actual underspend to the end of 2017/18	-1,077,010	
Amount to be added balances		-839,570
GF balance at 31st March 2018		-3,068,760

Positive Figures (+): Contribution from Balances
Negative Figures (-): Contribution to Balances

After accounting for all in-year budget adjustments and reserve transfers, £840,000 will be added to GF revenue balances to leave a total **£3.069m** at the end of 2017/18.

Budget Stability Reserve

This was created in 2013/14 to allow short term contributions towards balancing the budget. There are various items within the Council's budget that are subject to significant degrees of volatility or variation from one year to another, often due to factors that are outside the Council's control or influence; this reserve assists the mitigation of such volatility by allowing the Council to call upon it in years where budget overspends occur and conversely replenish it in years where underspends arise.

	£
Balance at 1st April 2017	-74,550
Proposed transfer from overachievement of Planning income	-199,810
Budgeted contribution in 2017/18	-264,160
Balance at 31st March 2018	-538,520

Positive Figures (+): Contribution from Balances
Negative Figures (-): Contribution to Balances

Should the proposed reserve transfers be approved the balance in the budget stability reserve will be **£539,000** at year-end. There are no other immediate plans in 2018/19 to use this reserve but the balance is to be set aside to mitigate future budget volatility.

Business Rates Equalisation Reserve

This reserve was also established in 2013/14 to allow mitigation of fluctuations in the business rates base and resultant income.

	£
Balance at 1st April 2017	-439,190
In year transfer to Reserve	-846,160
Balance at 31st March 2018	-1,285,350

Positive Figures (+): Contribution from Balances
Negative Figures (-): Contribution to Balances

As previously highlighted in section 2.6, the collection fund for business rates is currently reporting a deficit of £1.055m. This deficit will be charged to the General Fund in 2019/20, but the balance on this earmarked reserve will be used in 2019/20 to mitigate the deficit. The initial estimates for business rates in 2018/19 anticipate additional growth and assumes a further £552,000 to be transferred into the Business Rates Reserve by the end of March 2019.

Revenue Grants and Section 106 Contributions

Revenue Grants & Contributions from 3rd parties are payments and contributions from 3rd parties where either the grant conditions have been met or no conditions exist. The monies are held in this reserve until required to fund expenditure in future years. In 2017/18 £546,000 of unspent grant was transferred to this reserve and £216,000 was transferred from the reserve to fund related expenditure.

Section 106 Developer Contributions represent amounts of money paid to the Council during development for specific projects and agreements with developers for the provision of additional facilities as and when land or schemes become available to provide those facilities. In 2017/18 £36,000 of unspent contributions were transferred to this reserve and £179,000 was transferred from the reserve to fund related expenditure.

Other Reserves

In addition to the transfers set out previously, a further net £111,000 has been added to other General Fund earmarked reserves in 2017/18. Appendix 2 details the movements in these earmarked reserves for 2017/18.

3 HOUSING REVENUE ACCOUNT (HRA) REVENUE BUDGETS:

3.1 Context

Housing Rents were set by Council on 7th February 2017 in the context of rent policy changes from government, most notably the imposition of 1% rent reductions for the period 2016/17 until 2019/20. Supplementary budgets totalling £134,530 were approved during 2017/18 in respect of:

- Changes to Terms and Conditions; and
- Housing Structure Review 2017/18

3.2 Year-End Position

The year-end position shows a net underspend of **-£5.196m** against the 2017/18 revised budget. This total includes the removal of Amounts Set Aside for the Repayment of Debt of £4.922, in accordance with recommendation 10 of the report to Council (24th April 2018) on High Rise Blocks in Rugby (see following notes), resulting in a total HRA balance of **-£6.493m** at 1st April 2018.

The following table identifies the key HRA revenue budget variances.

HRA Income and Expenditure	Variance at Year-End £
Rent income from dwellings – lower level of rental income received compared to budget, due to a reduced level of re-let properties moving to target rent in year.	+33,580
Rent income from non-dwellings, service charges, and other contribution to expenditure – major variances arising from: <ul style="list-style-type: none"> • higher void levels for service charge properties, particularly Biart Place where units remained vacant to allow structural surveys to take place in year (+£70,000); • reduced HRA garage income – vacant garages rose from 56% to 59% of stock during 2017/18 (+£7,000); and • a reduction in the level of staff time apportioned to capital projects against original estimates (+£9,000) 	+87,230
Supervision and Management – major variances arising from: <ul style="list-style-type: none"> • salary and related employment cost savings arising from vacant posts (-£210,000); • utility savings, notably expenditure on gas (-£70,000); • restructuring savings arising from the termination of the Securitas monitoring contract at the Control Centre to be replaced by in-house provision (-£54,000), offset by: • additional expenditure on structural surveys, security and risk measures at Biart Place (24/7 floor walking, inspection of void properties, etc.) to minimise potential of a shock event (+£197,000) 	-453,560
Provision for bad or doubtful debts – the level of arrears categorised as ‘Above 52 weeks’ has risen to £208,000 as at 31 st March 2018 (including debts of £139,000 relating to former tenants)	+131,780

Interest & Investment income – Slippage within the HRA capital programme resulted in higher HRA cash balances within the year for investment, coupled with higher interest rates following the rise in Bank of England base rate (November 2017)	-196,890
Other minor variances	-123,350
Variance Before Adjustments to Repayment of Debt	-274,510
Amounts Set Aside for the Repayment of Debt – in accordance with recommendation 10 set out in the report to Council (24 April 2018) on High Rise Blocks in Rugby, the 2017/18 voluntary debt repayment of £4.992m will be assigned to HRA revenue balances	-4,921,570
Net Variance	-5,196,080

Positive Figures (+): Overspend/Underachievement of income
Negative Figures (-): Underspend/Additional income

3.3 HRA Balances

HRA Revenue Balances

	£	£
HRA Balance at 31st March 2017		-1,430,990
Budgeted contribution from HRA Balances	+134,530	
Anticipated underspend to the end of 2017/18	-5,196,080	
Amount to be added to balances		-5,061,550
HRA Balance at 31st March 2018		-6,492,540

Major Repairs Reserve

The Major Repairs Reserve is an earmarked reserve for the capital financing of the planned element of replacement expenditure on council houses. The reserve earns interest on all balances which must also be used for this purpose. Significant expenditure charged during 2017/18 included:

- 900+ window and door replacements;
- 90+ replacement bathroom suites; and
- 210+ combi boiler replacements

	£	£
Balance at 31st March 2017		-2,462,960
Depreciation on non-current assets	-2,868,080	
Appropriations to or (from) HRA Revenue	-921,860	
Interest Received	-18,910	
Capital Financing	+4,692,360	
Amount to be taken from balances		+883,510
Balance at 31st March 2018		-1,579,450

Housing Repairs Account

The Housing Repairs Account is an earmarked reserve for the financing of reactive and planned maintenance on council houses.

	£	£
Balance at 31st March 2017		--954,140
Contributions during the year	-3,237,680	
Repairs and maintenance charged	+3,101,740	
Amount to be added to balances		-135,740
Balance at 31st March 2018		-1,090,080

HRA Balances (Capital)

HRA Balances (Capital) are utilised to fund acquisitions (in tandem with a proportion of retained Right to Buy receipts) and other capital expenditure not financed via the Major Repairs Reserve, for example Housing Management System software, CCTV and Lifeline replacement equipment.

	£	£
Balance at 31st March 2017		-15,686,590
Contributions during the year	0	
Expenditure charged	+1,661,890	
Amount to be added to balances		+1,661,890
Balance at 31st March 2018		-14,024,700

Right-to-Buy (RTB) Capital Receipts

The Council entered a 1-4-1 retention agreement with Ministry of Housing Communities and Local Government (MHCLG) in 2012 allowing it to retain a greater proportion of receipts upon the condition that they are utilised in provision of replacement housing within 3 years. Receipts under the 1-4-1 retention agreement that are not utilised must be returned to Her Majesty's Treasury (HMT) and incur an interest charge of Bank of England Base Rate plus 4%. Only 30% of the expenditure incurred on replacement housing may be financed from RTB receipts.

25 homes were sold under RTB in 2017/18 producing an average receipt of £85,000 (prior to pooling). 8 homes were purchased in 2017/18, including 3 at the Cawston Meadows site. A further 31 homes will be added to the portfolio from this development in 2018/19.

	£	£
Balance at 31st March 2017		-5,849,730
Net contributions (after pooling)	-1,286,120	
Expenditure charged	+529,530	
(Increase) / decrease in RTB Receipts		-756,590
Balance at 31st March 2018		-6,606,320

3.4 HRA Revenue Budget Carry Forwards from 2017/18 to 2018/19

No carry forward budgets are sought for 2018/19.

4 CAPITAL

A summary of the overall position on the capital programme is provided at Appendix 4. It can be seen there is a net underspend of **-£11.077m**.

4.1 General Fund – Capital

The General Fund capital programme shows a net underspend to year-end of **-£3.537m**. This amount is made up of a total in year variance of +£120,000 and -£3.657m carry forwards into 2018/19. Explanations for in-year variances and carry forward requests are detailed in the following table.

Carry forwards into 2018/19	£
Growth and Investment	
Benn Hall Refurbishment – completion of planned priority repairs/upgrades to toilets and heating. This carry forward is to be vired to the Corporate Property Enhancements budget for 2018/19	-4,280
Corporate Resources	
Carbon Management Plan – on-going commitment including completion of Phase 4 Solar Panel installation: Art Gallery and Museum and Queens Diamond Jubilee Leisure Centre The following corporate and HRA properties now benefit from solar power: Town Hall, Work Services Unit, John Barford Car Park, Tanser Court, Albert Square.	-607,450
Market Quarter Development – carry forward to finance marketing costs for site sale 18/19	-50,010
Corporate Property Enhancements – ongoing works at various properties including the Benn Hall, Town Hall and John Barford Car Park which are part of the rolling annual £100k budget	-51,800
Environment and Public Realm	
Crematorium Project - completion/retention costs	-60,960
Vehicle Procurement – procurement has been deferred, pending the completion of a review vehicle use across the Council	-1,264,620
Woodland Creation Project – carry forward budget for on-going planting, to be met from Woodland Trust grant	-4,300
Route Optimiser System – for completion of the scheme	-9,790
Hollowell Way Play Area Refurbishment – slippage for potential works on multi usage games area (MUGA), subject to external funding application	-41,990
Open Spaces Refurbishment – completion of footpath repairs at Freemantle park (funded by Section 106 contributions)	-10,150

Rainsbrook Cemetery Preparation – delays while officers liaise with the Environmental Agency on water courses, to provide data on protection prior to commencement of works	-194,060
Great Central Walk Bridges – awaiting an engineering report from Warwickshire County Council on the scale, costs and optimal scheduling of works	-530,200
Street Furniture – staff absence has led to delays in the delivery time of these projects, in particular bus shelters	-36,830
Whitehall Recreation Ground - staff absence has led to delays in the delivery of this project	-463,550
Purchase of Waste Bins – carry forward for ongoing purchases	-40,100
Communities and Homes	
New Licensing System – on-going development of the system, in partnership with the supplier	-31,900
CSW superfast broadband – on-going costs for rollout of superfast broadband across the borough, where other funding streams are being exhausted first prior to drawdown of RBC resources	-239,480
Others	
Including resourcing and specific delays involving ICT projects	-15,720
Subtotal	-3,657,190

Net variances +/-(-)	£
Growth and Investment	
Purchase of Artwork – various artwork bought in the year, funded from grants and the art reserve	+37,900
Communities and Homes	
Disabled Facilities Grants – supplementary budget required to match additional grant funding, despite an increased demand expenditure has been deferred due to budget constraints	+57,070
New Licensing System – supplementary for cloud based software and first year's maintenance being funded from revenue savings	+11,900
Environment and Public Realm	
Open Spaces Safety Improvements – planned expenditure of £9,510 being funded from s.106 income	+9,510
Section 106 capital expenditure – capital spend by Parish Councils	+30,600
Other items	-26,870
Subtotal	+120,110
Net variance and carry forwards	-3,537,080

Positive Figures (+): Overspend
Negative Figures (-): Slippage / Underspend

4.2 2018/19 Supplementary Request

The Planning department have been using a system called Fast Planning for a number of years, however due to the age of the system it is no longer fit for purpose. Specifically, the time taken in management overheads for both the planning staff in their daily operational tasks and for IT Services in providing a number of support functions, mainly reporting and system maintenance.

A General Fund capital supplementary budget of £75,000 is requested for approval, to procure a modern Planning and Local Land and Property Gazetteer (LLPG) system. This will enable the end-to-end processing of planning applications both pre and post application, including enforcement, s106 and land charges with a relevant customer web portal and supporting document management capabilities. The new system will ensure that the Council has a robust and fit for purpose solution and will allow for officer efficiencies and is in keeping with the wider digitalisation programme.

The proposed scheme will be wholly funded from the Council's Planning Delivery Grant that was allocated to the Council a number of years ago and can only be used to fund capital expenditure.

4.3 Housing Revenue Account – Capital

The HRA capital programme shows a net variance at year-end of **-£7.540m**. This amount is made up of a total in year variance of -£281,000 and -£7.259m carry forward requests into 2018/19. Explanations for in-year variances and carry forward requests are detailed in the following table.

Carry forwards into 2018/19	£
Housing Management System – requirements and specification for new system are in progress, with implementation planned for 18/19. This will be added to the supplementary capital budget of £495,000 approved by Council on 24 th April 2018 for the new system	-73,300
Energy Efficiency phase 2 – progress of phase 2 is on hold, due to review of efficiencies and savings made as a result of phase 1	-900,000
CCTV Upgrade – delayed contract issuance for phase 2 (camera) requirements for the upgrade of the software, in particular relating to movement sensors	-46,050
Lifelines – implementation taking longer than planned due to extended consultation periods	-80,320
Roof Refurbishments – the scheme has been deferred to establish the long-term upgrading requirements of the blocks at Rounds Gardens & Lesley Souter House	-353,930
Property Repairs Team Vehicles – procurement has been deferred, pending the completion of a review of vehicle use across the Council	-353,460
Kitchen Modifications – start date was delayed by the supplier constraints	-274,830

Heating Upgrades – carry forward requested to cover the reduced budget for 2018/19, due to savings being made for other projects	-114,880
Bathroom Modifications – carry forward requested for the completion of approximately 33 bathrooms	-94,120
Door Security Systems – on-going consultations with tenants to decide options for security systems	-50,000
Patterdale Sheltered Scheme Improvements – the availability of staff resources has prevented progress in 2017/18	-262,500
Purchase of Council Houses – carry forward requested for ongoing commitments and purchases	-582,280
Cawston Meadows Houses - carry forward for ongoing commitments and purchases	-4,002,610
Other items	-70,310
Subtotal	-7,258,590

Net variances +/-(-)	
Housing Window Replacement – increased expenditure against 2017/18 budget. However, on completion the project has come in under the total estimated cost by £730,000	+118,480
Roof Refurbishments – Biart Place – budget no longer required due to proposed repair or redevelopment	-204,860
Energy Efficiency Measures – Multi Storey Flats – return of budget due to repair or redevelopment of Biart Place	-225,000
Energy Efficiency Long Lawford External Cladding – saving due to eco funding award being utilised in this schemes place.	-51,690
Fire Risk Prevention Works – overspend due to unprecedented works being carried out, mainly at the high-rise flats	+73,120
Other items	+8,900
Subtotal	-281,050
Net variance and carry forwards	-7,539,640

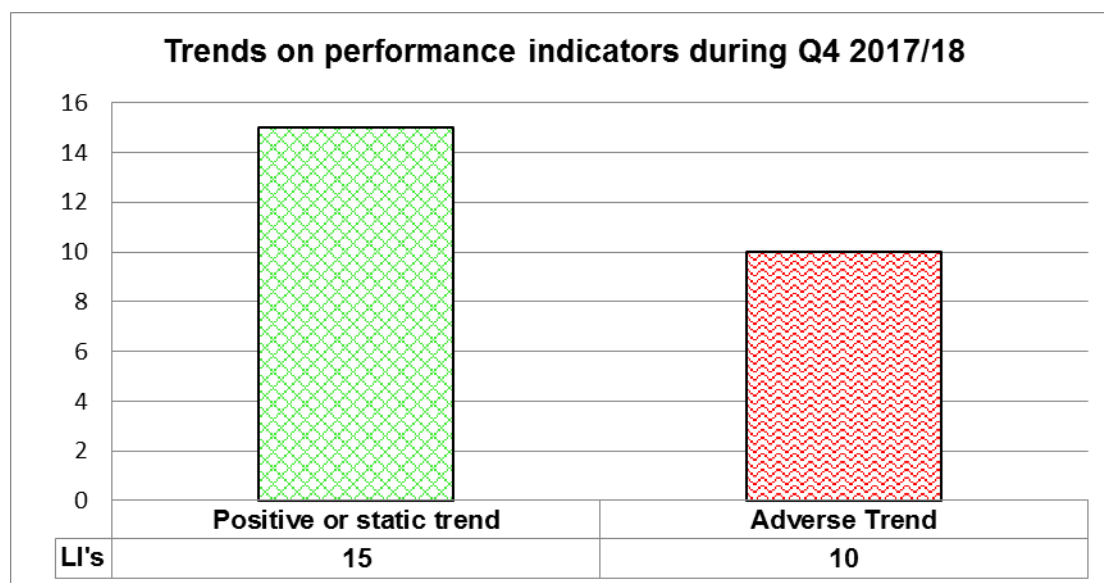
Positive Figures (+): Overspend
Negative Figures (-): Slippage / Underspend

5. PERFORMANCE

This is the monitoring report for the fourth quarter of 2017/18. In an effort to make performance data easier to digest the performance indicators have been grouped into Data Sets and presented in Appendix 5. This brings focus and clarity to the performance indicators and where they sit within the organisation.

Q4 Summary

During Q4 the Corporate Assurance & Improvement Team undertook a series of planning workshops with each department reviewing their current performance measures. Out of these workshops will come a new set of performance indicators approved by Senior Management Team that will begin reporting in a brand-new format from Q1 2018/19 and will be aligned to the Corporate Strategy.



60% of the reported indicators are showing as having a positive or static trend. Appendix 5 contains narrative on the adverse trending indicators.

Positive performance has not dropped below 60% throughout the 2017/18 financial year.

Growth & Investment

- The annual data surrounding new builds and the 5-year land supply are currently unavailable for 2017/18 so has not been included in Appendix 5. As soon as the Development Strategy team has the data it will be entered onto the RPMS.

To get login details for the RPMS or a refresher course on using the system please contact RPMSsupport@rugby.gov.uk

Name of Meeting: Cabinet

Date of Meeting: 25th June 2018

Subject Matter: Finance & Performance Monitoring 2017/18 – Year-End

Originating Department: Leader and Deputy Leader of the Council

LIST OF BACKGROUND PAPERS

Document No.	Date	Description of Document	Officer's Reference	File Reference
	4 th September 2017	Finance & Performance Monitoring 2017/18 – Q1		
	4 th December 2017	Finance & Performance Monitoring 2017/18 – Q2		
	5 th February 2018	Finance & Performance Monitoring 2017/18 – Q3		

General Fund**Revenue Budget Position 2017/18 April 2017 to March 2018****Key:**

+ = over spend / income shortfall

- = under spend / additional income

	Revised Budget Excluding Carry Forwards	Year-End Position	Variance to Revised Budget	Proposed Carry Forwards to 2018/19	Net Variance
	£'000	£'000	£'000	£'000	£'000
Portfolio Expenditure :-					
Growth & Investment	3,229	3,303	74	231	305
Environment & Public Realm	7,508	6,298	-1,210	92	-1,118
Communities & Homes	1,071	1,250	179	-	179
Corporate Resources	1,619	1,481	-138	9	-129
Executive Director Office	1,897	1,828	-69	22	-47
	15,324	14,160	-1,164	354	-810
Less Corporate Savings Target	22	-	-22	-	-22
Less IAS 19 Pension Adjustment	-309	-325	-16	-	-16
Less Capital Charge Adjustment	-2,392	-2,392	-	-	-
Net Service Expenditure	12,645	11,443	-1,202	354	-848
Net Cost of Borrowing	628	456	-172	-	-172
Income from Investment Properties	-	-50	-50	-	-50
MRP Adjustment	1,476	1,438	-38	-	-38
Parish Precepts	731	731	-	-	-
Revenue Contribution to Capital Outlay	88	-	-88	-	-88
Total Net Expenditure	15,568	14,018	-1,550	354	-1,196
Corporate Income					
Revenue Support Grant	-511	-511	-	-	-
Retained Business Rates	-4,496	-5,342	-846	-	-846
New Homes Bonus Funding	-2,672	-2,671	1	-	1
Government Grants	-375	-377	-2	-	-2
Council Tax	-7,063	-7,063	-	-	-
Collection Fund Surplus/Deficit	-356	-356	-	-	-
Total Income	-15,473	-16,320	-847	-	-847
Transfers to/from Reserves and Balances					
Transfer to Carry Forward Reserve	-	354	354	-354	-
Transfer to Budget Stability Reserve	264	264	-	-	-
Transfer to Business Rates Equalisation Reserve	-	846	846	-	846
Transfer from Earmarked Reserves	-120	-	120	-	120
Transfer from GF Balances	-239	-239	-	-	-
Total Transfers	-95	1,225	1,320	-354	966
Overall Variance	-	-1,077	-1,077	-	-1,077

General Fund (GF) Reserves and Balances

	Balance at 31st March 2017 £	Transfers out £	Transfers in £	Balance at 31st March 2018 £	Comment
Core Reserves					
Business Rates Equalisation Reserve	-439,190	0	-846,160	-1,285,350	See main report
Budget Stability Reserve	-74,560	0	-463,970	-538,530	See main report
Carry Forward Reserve	0	0	-354,140	-354,140	See main report
Sub-total	-513,750	0	-1,664,270	-2,178,020	
Grants and S106 Contributions					
Revenue Grants & Contributions	-541,690	216,160	-546,320	-871,850	Contributions from government bodies and other third parties, committed for future expenditure.
Section 106 (Developer) Contribution	-1,431,810	178,820	-35,660	-1,288,650	Contributions from developers, committed for future expenditure.
Sub-total	-1,973,500	394,980	-581,980	-2,160,500	
Other Earmarked Reserves					
Hall of Fame Licence Reserve	-300,000	0	0	-300,000	No transfers in 2017/18. These monies are held to account for timing differences between budgeted and actual licence payments
Works Services Unit Operational Reserve	-127,000	0	0	-127,000	No transfers in 2017/18.
LAMS reserve	-98,250	0	-10,870	-109,120	Interest related to the Local Authority Mortgage scheme
Digitalisation & Trading Reserve	-90,420	9,540	0	-80,880	Transfer out to fund expenditure on Office 365 consultancy fees and the Gold Suite annual licence costs.
Housing Benefits Reserve	-62,430	58,120	-120,350	-124,660	Contribution towards the digitalisation project, offset with transfer to fund Integrated Revenues & Benefits system.
Hackney Carriages Reserve	-42,480	10,020	0	-32,460	Prior year underspends to be used to mitigate budget volatility in future years.
Corporate Apprentice Scheme Reserve	-36,200	0	-17,500	-53,700	Contribution towards the Corporate Apprentice Scheme.
CIPFA Training Reserve	-27,510	1,040	0	-26,470	Transfer out to match expenditure in year.
Queen's Diamond Jubilee Reserve	-26,230	0	0	-26,230	Prior year funds set aside for potential future investment in the centre.
Woodside Park R&M Reserve	-21,290	5,840	0	-15,450	Contribution to pay for repairs to the sewage system.
Cremator Replacement Reserve	-20,000	0	-10,000	-30,000	Budgeted contribution for planned long-term replacement of the cremators.
Insurance / RM Reserve	-19,280	60	-10,980	-30,200	Fortuitous reduction in premium charges, held to mitigate risk of future cost increases.
Crematorium Cameo Reserve	-11,770	7,500	-4,330	-8,600	Monies held for future investment in memorialisation
IT Equipment Reserve	-10,000	0	-21,900	-31,900	The initial £10,000 balance is held for planned audio-visual improvements for the Council Chamber. The additional contribution in 2017/18 has been made to fund 2018/19 capital expenditure for new Licensing software.
Corporate Assurance Training Reserve	-9,000	0	0	-9,000	Prior year underspends held for investment in staff development
Environmental Crimes Reserve	-7,760	0	-2,800	-10,560	Ring-fenced surplus from Environmental Crime Fixed Penalty Notices. This income can only be used for related educational or preventative works.
Acquisition Reserve (AG/M)	-5,030	10,760	-5,730	0	£10,755 worth of new artwork purchased in 2017/18
Licensing Reserve	-5,350	0	-10,130	-15,480	Over-achievement of income, to be used to mitigate budget volatility in future years.
Warwickshire Consortium Reserve	-1,800	0	0	-1,800	Monies held for Warwickshire Wide Training joint working.
Sub-total	-921,800	102,880	-214,590	-1,033,510	
TOTAL	-3,409,050	497,860	-2,460,840	-5,372,030	

Housing Revenue Account (HRA)
Revenue Budget Position 2017/18 April 2017 to March 2018

Appendix 3

Key: + = over spend / income shortfall - = under spend / additional income

	Original Budget	Revised Budget	Year-End Position	Variance to Revised Budget
Description	£'000	£'000	£'000	£'000
Income				
Rent income from dwellings	-16,253	-16,253	-16,220	34
Rent income from land and buildings	-152	-152	-163	-11
Charges for services	-1,473	-1,473	-1,403	70
Contributions towards expenditure	-215	-215	-187	28
Total Income	-18,094	-18,094	-17,973	+121
Expenditure				
Transfer to Housing Repairs account	3,237	3,237	3,237	0
Supervision and Management	4,622	4,756	4,303	-454
Rents, Rates, Taxes and other charges	3	3	4	1
Depreciation & Impairment	3,681	3,681	2,868	-813
Debt Management Cost	15	15	28	13
Provision for Bad or Doubtful Debt	131	131	263	132
Amounts set aside for the repayment of debt	4,922	4,922	0	-4,922
Total Expenditure	16,610	16,745	10,703	-6,042
Net Cost of Services	-1,483	-1,349	-7,270	-5,921
HRA Share of Corporate & Democratic Core Costs	200	200	200	0
Interest Payable & Similar Charges	1,251	1,251	1,262	11
Interest & Investment Income	-26	-26	-233	-207
Net Operating Expenditure	-58	77	-6,040	-6,117
Appropriation to Major Repairs Reserve	0	0	922	922
Contributions to (+) / from (-) Reserves	58	58	58	-0
Revenue Contributions to Capital Expenditure	0	0	0	0
Surplus(-)/Deficit(+) for year	0	135	-5,061	-5,196

Appendix 4

Capital Budget Position 2017/18 April 2017 to March 2018

Summary

Key:

RED Over £10,000

AMBER Up to £10,000

GREEN Up to £5,000

NB + = over spend - = under spend / additional income

Portfolio	Revised Budget 2017/18 £	Expenditure to Year-End 2017/18 £	Variance to Revised Budget 2017/18 £	Traffic Light to Year-End
Growth & Investment	49,310	82,430	+33,120	RED
Communities & Homes	1,136,910	917,760	-219,150	RED
Environment & Public Realm	3,312,470	662,510	-2,649,960	RED
Corporate Resources	953,070	251,980	-701,090	RED
Sub Total General Fund	5,451,760	1,914,680	-3,537,080	RED
Housing Revenue Account	14,423,430	6,883,790	-7,539,640	RED
Overall Total	19,875,190	8,798,470	-11,076,720	RED



RPMS

Performance Report for Cabinet

Report Author: Christopher Trezise (Admin)

Generated on: 10 April 2018


How to analyse the trend data

It is important to note that trend data is set to two extremes. Aim to maximise the value or aim to minimise the value. Some data that we collect is not measured against either of these trends and is just factual data.

This report is best viewed in colour so it is recommended to view the electronic version rather than printed black and white copies

An upward pointing arrow is indicative of a positive trend and a downward pointing arrow is indicative of a negative trend.

N/A – When you see this in the trend box, it means that the data is not measured against a trend so a trend arrow is not generated.

 - The blue trend arrows represent the long-term trend. Long term looks at the data and compares it to the same period over a larger frequency – i.e. Months are compared for the same period last year, quarters compared to same period in previous year and Years are compared over 4 years.




 - The purple trend arrows represent the short-term trend. Short term looks at the data and compares it to the previous frequency – either the last month, quarter or year.

 - The bar (both purple and blue) represents no movement in the trend.




Where the short-term trend shows as negative then contextual commentary from the assignees and managers has been provided directly beneath the performance measure. Where seasonal trends occur, as at the Art Gallery or Leisure Centre, then contextual commentary will be provided on the long-term trend instead.

Communities & Homes

Customer Advice & Support Team Operational Dataset

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Benefits - average end to end time for claims (days)	28.02	March 2018				6 - CH Portfolio




Equality & Diversity Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Percentage of Employees with a Disability	32.80%	2017/18				6 - CH Portfolio

It is important to note that disabilities are not just physical, looking at the short term trend there has been no increase or decrease in staff identifying as disabled.

Ethnic Minority representation in the workforce - employees	9.8%	Q4 2017/18		N/A	N/A	6 - CH Portfolio
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Homelessness Data Set







Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Number of homeless preventions made by Rugby Borough Council	44	Q4 2017/18				6 - CH Portfolio

Although this shows as an adverse trend it has only dropped by 2 and is still higher when compared to Q4 last year.







Number of homeless preventions made due to financial advice being provided by Citizens Advice Bureau	86	Q4 2017/18				6 - CH Portfolio
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Corporate Resources

Financial Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
% of Council Tax collected (cumulative over 10 months per year)	98.50%	Q4 2017/18				6 - CR Portfolio
Percentage of Non-domestic Rates collected (cumulative over 10 months per year)	98.5%	Q4 2017/18				6 - CR Portfolio

Housing Voids Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Average number of days to inspect void property	1	March 2018				6 - CR Portfolio
Average number of days to repair void property	25	March 2018				6 - CR Portfolio

Average number of days to repair has increased by 11 days from February but is a marked improvement on January which saw the average repair time at 55 days. There have been large fluctuations in Q4 compared to Q3 where the average repair time floated between 26 and 33 days.













One contributing factor has been the use of an external contractor being under resourced who provides an essential service for electrical safety. The asset management team meet with the voids team on a weekly basis to discuss any issues relating to gas and electrical safety checks. A plan of action has been identified to address proactive works. Secondly, in the last quarter, a number of properties, which would be classed as 'major voids' have been let, these properties required significant remedial works to bring them up to the lettable standard.

Average void rent loss	£783.51	March 2018				
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Average rent loss has increased by £384 from the previous month however it is still better than January's which is showing as a loss of £1,198. The previous quarter's rent loss ranged between £580 and £920.

The increase can be attributed to a number of factors including the restructure of the housing service and a significant number of properties being held as 'void unavailable' (This is a void property that isn't available for letting due to extensive works and investigations). These have been released back into stock and re-let during the last quarter. The trend is likely to continue for some months whilst the backlog of held stock is reallocated.

Sickness Absence Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis		Portfolio	
Number of working days lost due to long term sickness absence	430	Q4 2017/18				6 - CR Portfolio
Number of working days lost due to short term sickness absence	976	Q4 2017/18				6 - CR Portfolio
Number of staff on long term sickness absence	20	Q4 2017/18				6 - CR Portfolio
Number of staff on short term sickness absence	274	Q4 2017/18				6 - CR Portfolio

In 2017/18 we lost a total number of 2296.5 days due to short term sickness absence. 380 days were for musculoskeletal problems, 178.5 for sickness and diarrhoea, 78.5 for flu, 209 for colds and 313.5 for mental health problems.

Managers continue to work within the parameters of the Absence Management Policy. A Mental Health support group will be formed during early 2018/19 with trained Mental Health first aiders who will be able to offer support to fellow employees who are experiencing difficulties. We also offer counselling for employees whether they are at work or are absent.










We are now able to refer employees whose return to work would be expedited by physiotherapy to a local clinic. We will also be looking at putting on wellbeing events throughout the year. It is hoped that in the next financial year sickness absence will reduce.

Environment & Public Realm

Environmental Data Set




Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
Cumulative Tonnage of household waste sent for reuse, recycling and composting	14571	Q4 2017/18		N/A	N/A	6 - EPR Portfolio
No. of Flytipping incidents reported	280	Q4 2017/18				6 - EPR Portfolio
Flytipping has increased by 26 more reported incidents from last quarter however since Q4 2014/15 this measure has fluctuated between 200 and 300 reported incidents. It is anticipated that the number of reported incidents will drop in Q1 2018/19 as that would fit the current pattern when looking at the full set of data on the RPMS.						
Percentage of household waste sent for reuse, recycling and composting	45.3%	Q4 2017/18		N/A	N/A	6 - EPR Portfolio

Food Hygiene Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis			Portfolio
% of premises within the Rugby Borough that have attained the Food Hygiene Rating 5	70.9%	Q4 2017/18				6 - EPR Portfolio
% of premises within the Rugby Borough that have attained the Food Hygiene Rating 4 and above	85.4%	Q4 2017/18				6 - EPR Portfolio
% of premises within the Rugby Borough that have attained the Food Hygiene Rating 3 and above	92.7%	Q4 2017/18				6 - EPR Portfolio

The slight decreases of all three PIs are within normal fluctuation as we do around 400 inspections per year and small fluctuations are to be expected




Parks and Open Spaces Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis		Portfolio
Quality rating of Parks and the Grounds	2.59	Q4 2017/18		 	6 - EPR Portfolio






This indicator has been showing an adverse trend for last two quarters, it has reduced in score by 0.16, the Parks and Open Spaces manager has stated that there is a seasonal dip in the score over the autumn/winter period. A score of 2 = acceptable based on the national qualitative measure for green spaces. 3=Good.

Growth & Investment

Land Charges Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis		Portfolio
Average end to end time for Land Charge Searches	4.64	March 2018		 	6 - GI Portfolio

Sports & Rec Data Set

Performance Indicator (PI)	Latest Data Available		Performance Trend Analysis		Portfolio	
Total number of young people contacts - Borough wide ages 5-19	24,061	Q4 2017/18		N/A	N/A	6 - GI Portfolio
Despite this number being lower than last quarter there are 3000 more contacts than Q4 2016/17.						
Total grant aid obtained from external funding sources	£72,050.00	Q4 2017/18		N/A	N/A	6 - GI Portfolio
Leisure Centre Visits	183,081	Q4 2017/18		 	6 - GI Portfolio	

AGENDA MANAGEMENT SHEET

Report Title:	Changes to Houses in Multiple Occupation (HMO) Licensing Regulations
Name of Committee:	Cabinet
Date:	25 June 2018
Report Director:	Head of Environment and Public Realm
Portfolio:	Environment and Public Realm
Ward Relevance:	All
Prior Consultation:	Senior Management Team
Contact Officer:	David Burrows, Regulatory Services Manager, ext. 3806
Public or Private:	Public
Report subject to Call-In:	Yes
Report En-Bloc:	No
Forward Plan:	Yes
Corporate Priorities:	This report relates to the following priority(ies): <ul style="list-style-type: none">• Ensure residents have a home that works for them and is affordable.• Protect the public.
Statutory / Policy Background:	The council already licences Houses in Multiple Occupation (HMOs) with 3 or more storeys where residents have their own rooms but share facilities such as kitchens. The legislation has now been changed and will apply from October 2018 to any HMO occupied by 5 persons.

Summary:

The Council currently has an obligation to license and regulate HMOs with 3 or more storeys. The council will be required to extend this to all HMOs occupied by 5 or more people from October 2018 which will require a step change in the identification, licensing and regulation of these. The scheme is self-funding as it allows cost recovery, and the proposal is that this will be used to fund an additional post to implement the scheme.

Financial Implications:

Additional income from the new HMO licence applications is expected to be £195,000 based on 300 new applications for new, five-year HMO licences at £650 each. It is proposed this additional income is used to ensure sufficient resources to carry out the duty, and it is proposed that an additional officer is appointed.

Risk Management Implications:

HMO licensing is a cost recovery statutory function which protects the public, including vulnerable people. The council is required to licence HMOs

Environmental Implications:

The policies appended to this report, particularly the overarching enforcement policy, will provide a framework to tackle poor housing conditions and poor management of houses in multiple occupation which in turn will assist in the improvement of local communities within the borough.

Legal Implications:

This report brings together a number of recent legislative developments in relation to the enforcement of private sector housing, taking into account the Council's statutory obligations. The appended overarching enforcement policy reflects the different considerations that must be applied by a responsible enforcement authority.

Equality and Diversity:

The policies appended to this report will help improve housing conditions and life chances of those vulnerable people such as the homeless, people with disabilities and those from a diverse range of backgrounds to improve communities. In implementing these policies, we will have regard to the Council's public sector duty and will continue to work to tackle discrimination and inequality and contribute to the development of a fairer society. However, as the licensing will be in accordance with specific housing legislation and guidance, an equality impact assessment is not required.

Options:

1. No further action.

Risk: non-compliance with statutory duty.
Benefit: none

2. Adoption of policies and appoint specific officer as recommended.

Risk: income is estimated, but evidence suggests it is a reasonable estimate.
Benefit: compliance with legislation to protect the public.

Recommendation:

- (1) The establishment be increased to allow the appointment of a permanent Environmental Health Officer or Environmental Protection Officer to undertake the Council's extended HMO licensing duties; and
- (2) IT BE RECOMMENDED TO COUNCIL THAT the Private Sector Housing Enforcement Policy, the Private Sector Housing Civil Penalties Policy and the Private Sector Housing Houses in Multiple Occupation Licensing Policy (as set out in Appendices 2, 3 and 4) be considered and approved.

Reasons for Recommendation:

To ensure that the council meets its statutory obligations and that those residential properties comprising the borough's private rented sector provide safe and healthy environments for the borough's residents to live.

To ensure the Neighbourhood Services Team is able to use the enforcement powers available and implement them effectively to tackle those rogue landlords currently operating within the borough's private rented sector

Cabinet – 25th June 2018

Changes to Houses in Multiple Occupation (HMO) Licensing Regulations

Report of the Head of Environment and Public Realm

RECOMMENDATION

- (1) The establishment be increased to allow the appointment of a permanent Environmental Health Officer or Environmental Protection Officer to undertake the Council's extended HMO licensing duties; and
- (2) IT BE RECOMMENDED TO COUNCIL THAT the Private Sector Housing Enforcement Policy, the Private Sector Housing Civil Penalties Policy and the Private Sector Housing Houses in Multiple Occupation Licensing Policy (as set out in Appendix 1, 2 and 3) be considered and approved.

1. BACKGROUND

The Housing Act 2004 introduced the statutory licensing of specific Houses in Multiple Occupation (HMOs). A house in multiple occupation is a property rented out by at least 3 people who are not from one 'household' (e.g. a family), but share facilities such as the bathroom and kitchen.

Currently an owner must have a licence if renting out a large HMO. A property is defined as a large HMO if all of the following apply:

- It is rented to 5 or more people who form more than 1 household
- It is at least 3 storeys high
- Tenants share toilet, bathroom or kitchen facilities

The council currently licenses approximately 54 of these licensable HMOs.

The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 was agreed by parliament on 23rd February 2018 and will come into effect across England on 1st October 2018. This Order will change the definition of an HMO under the Housing Act 2004.

From 1st October 2018, the definition of an HMO for licensing purposes will be any property occupied by five or more people, forming two or more separate households. Insight suggests that this will result in approximately 300 additional HMOs for Rugby, each of which will need to be licensed.

2. IMPLEMENTATION OF NEW REGULATION

The new HMOs will have to be identified, have applications be processed and be inspected – both before the issue of licences and during the duration of licences. The legislation requires that licenses are issued for a 5-year period and that the costs of the scheme can be recovered in the licence fee.

The current fee is based on the costs of administering the large HMO scheme and is set at £650 for the 5-year licence.

It is anticipated that the smaller HMOs will require a similar cost to enforce per property. As such, it is anticipated that the 300 new HMOs will generate an additional £195,000 income (equivalent to approximately £39,000 per annum) over the 5-year licence period.

It will not be possible to administer the new scheme within existing resources, therefore it is proposed that the income from the licensing scheme (which must be used for the administration of the scheme) is used to fund a permanent Environmental Health Officer (EHO) or specialist Environmental Protection Officer (EPO). Which one is chosen will depend on the current market place for qualified environmental health applicants with specialist housing knowledge and experience.

The cost for a 37-hour EHO (Grade F) is £38,650 per annum and an EPO (Grade E) is £35,250 per annum. The cost of appointing to either role can be met from the expected additional license fee income. Full staffing costs are detailed in Appendix 1. It is therefore recommended that a net nil supplementary budget of £39,000 per annum be approved.

Furthermore, it is recommended that an earmarked reserve for the additional HMO fee income is created, with the income credited to it at the start of the five-year licence and drawn down to match the salaried expenditure over the period of the licence.

3. POLICY REVIEWS

The opportunity has been taken to update the Private Sector Housing Enforcement Policy, the Private Sector Housing Civil Penalties Policy and the Private Sector Housing Houses in Multiple Occupation Licensing Policy, as set out in Appendices 2, 3 and 4.

3.1 The Private Sector Housing Enforcement Policy

The proposed Private Sector Housing Enforcement Policy is a new policy. Currently, the Council's generic enforcement policy is used. However, HMOs are currently a major issue for enforcement and it is anticipated that when the definition is extended this issue will be more significant and so a specific policy is considered important.

The Private Sector Housing Enforcement Policy provides for the implementation of those powers introduced under the Housing and Planning Act 2016 and those extended enforcement powers under the Housing Act 2004, including Civil Penalties,

Rent Repayment Orders, Banning Orders and the Database of Rogue Landlords and Property Agents.

3.2 The Private Sector Housing Civil Penalties Policy

The Private Sector Housing Civil Penalties Policy uses powers introduced in the Housing and Planning Act 2016 and introduces new options for the officer toolkit for discouraging and penalising poor landlords who put tenants at risk.

While the Housing Act 2004 does include actions which can be taken to require works to be completed and give formal cautions or prosecutions of 'rogue landlords', the levels of fines means that it is often not a deterrent so it is important to be able to use whatever powers are available, including the Housing and Planning Act 2016 and the Proceeds of Crime Act 2002.

The Private Sector Housing Civil Penalties Policy provides the framework for the implementation of civil penalties as an appropriate enforcement intervention, including the means to calculate the level of financial penalty which is to be imposed, up to a maximum of £30,000.

3.3 The Private Sector Housing Houses in Multiple Occupation Licensing Policy

The Private Sector Housing Houses in Multiple Occupation Licensing Policy is a revision of the current policy. The amended policy takes into account the changes to legislation extending the mandatory licensing of houses in multiple occupation.

Name of Meeting:
Cabinet

Date of Meeting:
25 June 2018

Subject Matter:
Changes to HMO licensing legislation and implementation of new private sector housing enforcement powers

Originating Department:
Head of Environment and Public Realm

List of Background Papers

Document No.	Date	Description of Document	Officer's Reference	File Reference
1. Housing Act 2004				
		https://www.legislation.gov.uk/ukpga/2004/34/contents		
2. The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018				
		http://www.legislation.gov.uk/uksi/2018/221/made		
3. Housing and Planning Act 2016				
		http://www.legislation.gov.uk/ukpga/2016/22/contents/enacted		

* The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

* Exempt information is contained in the following documents:

Document No.	Relevant Paragraph of Schedule 12A
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* There are no background papers relating to this item.

(*Delete if not applicable)

Proposed Budget Position 1						
A 37 Hour Grade F Post - Full Year Cost 2018/19						
Post Title	Contract Terms	Hours Per Week	Grade & SCP	FTE	Pension Scheme	£ Cash Cost
Environmental Health Officer	Permanent	37	F .33	1.00	Yes	38,650.00
*Estimated Available Regulatory Services Budget						- 39,000.00
Difference						- 350.00
Saving(-)/Additional Cost(+)						

Proposed Budget Position 2						
A 37 Hour Grade E Post - Full Year Cost 2018/19						
Post Title	Contract Terms	Hours Per Week	Grade & SCP	FTE	Pension Scheme	Cash Cost
Environmental Protection Officer	Permanent	37	E .29	1.00	Yes	35,260.00
*Estimated Available Regulatory Services Budget						- 39,000.00
Difference						- 3,740.00
Saving(-)/Additional Cost(+)						

**Notes: the Estimated available Regulatory Services budget has been calculated from:*

£650 per 5 year HMO Licence
 300 new HMO Licences required
 therefore 650x300 = £195,000
 195,000/5years = £39,000 income p.a.

Rugby Borough Council

Private Sector Housing Civil Penalties Policy

1. Introduction

- 1.1 Rugby Borough Council's Neighbourhood Services Team is committed to ensuring good quality, healthy housing for all, by improving standards within the private housing sector.
- 1.2 The Borough's private rented sector has grown substantially over recent years. The majority of private landlords operate within the law, providing a high standard of rented accommodation. The Neighbourhood Services Team work with landlords where necessary to provide advice and guidance to support them to achieve compliance. However, in cases where landlords put their tenants health and safety at risk and fail to comply with their statutory obligations we will take enforcement action in accordance with the Private Sector Housing Enforcement Policy.
- 1.3 The Housing and Planning Act 2016 introduced civil penalties of up to £30,000 as an alternative to prosecution for certain specified offences.

2. Purpose

- 2.1 The purpose of this policy is to ensure transparency, consistency and fairness in how and when civil penalties are imposed. In setting a framework for determining the level of civil penalty in any particular case the Neighbourhood Services Team has consulted with the other Warwickshire local authorities to ensure consistency in its approach.
- 2.2 The application of a civil penalty will be made in accordance with the Private Sector Housing Enforcement Policy as part of the enforcement options available to the Neighbourhood Services Team to achieve safe and healthy private sector housing. It will assist us to deal with those criminal and irresponsible landlords who put tenants at unacceptable risks.

3. Legislative Background

- 3.1 The Housing and Planning Act 2016 came into force on 6 April 2017 and introduced provisions for local authorities to impose civil penalties of up to £30,000 as an alternative to prosecution for certain housing offences. Those offences for which a civil penalty may be applied are;
 - Failure to comply with an improvement notice (Housing Act 2004 section 30)
 - Offences relating to licensing of houses in multiple occupation (HMOs) (Housing Act 2004 section 72)
 - Offences relating to licensing of houses under Part 3 of the Housing Act 2004 (Housing Act 2004 section 95)

- Failure to comply with an overcrowding notice (Housing Act 2004 section 139)
 - Failure to comply with management regulations in respect of houses in multiple occupation (Housing Act 2004 section 234)
 - Breach of a banning order (Housing and Planning Act 2016 section 21)
- 3.2 A civil penalty may only be imposed if the Neighbourhood Services Team is satisfied, beyond reasonable doubt, that the offence has been committed and civil penalties can only be used as an alternative to prosecution. This means that, if a civil penalty has already been imposed, the offender cannot be prosecuted for the same offence. Likewise, a person who has been (or is being) prosecuted for a particular offence cannot be issued with a civil penalty for the same offence.
- 3.3 Only one civil penalty may be imposed on a person for the same offence. However, in respect of breaches of the HMO management Regulations, a civil penalty can be imposed for the breaching of each separate Regulation.
- 3.4 Statutory guidance has been issued under the Housing and Planning Act 2016 which the Council must have regard to in the exercise of its functions in respect of civil penalties and Schedule 9 of the Housing and Planning Act 2016 covers the procedure for imposing civil penalties, their appeal and enforcement.

4. Determining the Level of Civil Penalty

- 4.1 The Council has the power to impose a maximum civil penalty of £30,000. Generally, this will be reserved for the worst offenders. To ensure the civil penalty is set at an appropriate level, the Council will consider the following factors:
- Severity of the offence – the more serious the offence, the higher the penalty.
 - Culpability and track record of the offender – a higher penalty will be appropriate where the offender has a history of failing to comply with their obligations and/or their actions were deliberate and/or they knew, or ought to have known, that they were in breach of their legal responsibilities. Landlords are running a business and should be expected to be aware of their legal obligations.
 - The harm caused to the tenant – the greater the harm or the potential for harm, the higher the penalty.
 - Punishment of the offender – A civil penalty should be set at a high enough level to help ensure it has a real economic impact on the offender and demonstrate the consequences of not complying with their responsibilities.
 - Whether the penalty will deter the offender from repeating the offence – the level of penalty should be set at a high enough level that it is likely to deter the offender from repeating the offence.
 - Whether the penalty will deter others from committing similar offences – the penalty should be high enough so that, should other landlords become aware of a civil penalty having been imposed, other landlords will be deterred from committing offences.

- Whether the penalty will remove any financial benefit the offender may have obtained as a result of committing the offence – the penalty imposed should ensure the offender does not benefit as a result of committing the offence.
- 4.2 All income received from a civil penalty will be retained by the Council's Regulatory Services to be used to further its statutory functions in relation to their enforcement activities covering the private rented sector, as specified within the Rent Repayment Orders and Financial Penalties (Amounts Recovered) (England) Regulations 2017.

5. Procedure for Imposing Civil Penalties

- 5.1 The procedure for imposing a civil penalty is set out in Schedule 13A of the Housing Act 2004 and Schedule 1 of the Housing and Planning Act 2016.
- 5.2 At the point the Neighbourhood Services Team has sufficient evidence of the conduct to which the penalty relates, or at any time the conduct is continuing, a Notice of intent has to be issued to the person within 6 months. This notice of intent must set out:
- The amount of the proposed civil penalty;
 - The reasons for proposing to impose the civil penalty; and
 - Information about the right of the landlord to make representations to the Council.
- 5.3 A person who is given a notice of intent may make written representations to the Council about the proposal to impose a civil penalty with 28 days from the date of the notice. After the 28 day period the Council will consider any representations made and decide whether to impose the civil penalty and, if so, the amount of the penalty.
- 5.4 If the Council decides to impose the civil penalty a Final Notice shall be issued requiring the civil penalty to be paid within 28 days. This final notice must set out:
- The amount of the civil penalty;
 - The reasons for imposing the civil penalty;
 - Information about how to pay the civil penalty;
 - The period for payment of the civil penalty;
 - Information about the right of appeal to the First-tier Tribunal;
 - The consequences of failure to comply with the Final Notice.
- 5.5 The Council may at any time:
- Withdraw the notice of intent or final notice; or
 - Reduce the amount specified in a notice of intent or final notice at any time.
- Where the Council decides to take either action, it will give written notice to the person to whom the notice was given.
- 5.6 On receipt of a final notice a landlord may appeal to the First-tier Tribunal against the decision to impose a civil penalty and/or the amount of penalty.

This appeal must be made within 28 days of the date the final notice was served. Upon any appeal, the final notice is suspended until the appeal is determined or withdrawn.

- 5.7 The First-tier Tribunal has the power to confirm, vary (increase or decrease) the size of the civil penalty imposed by the Council, or to cancel the civil penalty. The First-tier Tribunal can dismiss an appeal if it is satisfied that the appeal is frivolous, vexatious or an abuse of process, or has no reasonable prospect of success.

6. Enforcement of Civil Penalties

- 6.1 Where the landlord or property agent fails to pay the full civil penalty, the Council will recover the amount by order from the County Court. Where appropriate, the Council will further seek to recover those costs incurred in taking this action from the person to which the civil penalty relates.
- 6.2 Where a landlord receives two or more civil penalties over a 12 month period the Council will consider whether it is appropriate to include the persons details in the database of rogue landlords and property agents. In doing so, this will ensure other local authorities in England are made aware that formal action has been taken against the landlord.
- 6.3 If a landlord receives a civil penalty, the Neighbourhood Services Team will, where appropriate, take this fact into account when considering whether the landlord is a fit and proper person to be the licence holder for a house in multiple occupation.

7. Penalty Charging Table

- 7.1 The following table will be used by the Neighbourhood Services Team to calculate the level of civil penalty. The financial penalty to be imposed is on a scale, starting at an initial level which will be increased if there are aggravating factors

Charging table for determining value of Financial Penalties

<i>Failure to comply with an Improvement Notice (Section 30)</i>	<i>£</i>
<i>1st offence (note 1)</i>	<i>5000</i>
<i>2nd subsequent offence by same person/company (note 2)</i>	<i>15000</i>
<i>Subsequent offences by same person/company (note 7)</i>	<i>25000</i>

Premiums (use all that apply)	
<i>Acts or omissions demonstrating high culpability (note 8)</i>	+2500
<i>Large housing portfolio (10+ units of accommodation) (note 3)</i>	+2500
<i>Multiple Category 1 or high Category 2 Hazards (note 4)</i>	+2500
<i>Vulnerable occupant and/or significant harm occurred as result of housing conditions (note 5)</i>	+2500
<i>Perpetrator demonstrates Income to be less than £440/week (note 6)</i>	-50%

Offences in relation to licensing of HMOs under Part 2 of the Act (Section 72)	£
(note 1)	
<i>Failure to obtain property Licence (section 72(1)) (note 1)</i>	10000
<i>2nd subsequent offence by same person/company (note 2)</i>	30000
<i>Perpetrator demonstrates Income to be less than £440/week (note 6)</i>	-50%
<i>Breach of Licence conditions (Section 72(2) and (3)) - Per licence breach</i>	5000
<i>Perpetrator demonstrates Income to be less than £440/week (note 6)</i>	-50%

Offences in relation to licensing of HMOs under Part 3 of the Act (Section 95)	£
Failure to Licence (section 95(1)) (note 1)	10000
<i>2nd subsequent offence by same person/company (note 2)</i>	30000
<i>Perpetrator demonstrates Income to be less than £440/week (note 6)</i>	-50%
<i>Breach of Licence conditions (Section 95(2)) - Per licence breach</i>	5000
<i>Perpetrator demonstrates Income to be less than £440/week (note 6)</i>	-50%

Offences of contravention of an overcrowding notice (section 139)	£
<i>1st relevant offences (note 1)</i>	5000
<i>2nd subsequent offence by same person/company (note 2)</i>	15000

Premiums (use all that apply)	
Acts or omissions demonstrating high culpability (note 8)	+2500
Vulnerable occupant and/or significant harm occurred as result of overcrowding (note 3)	+2500
Perpetrator demonstrates Income to be less than £440/week (note 6)	-50%

Failure to comply with management regulations in respect of HMOs (Section 234)	£
1 st relevant offences (note1)	1000/offence
Second subsequent offences by same person/company for the same offence	3000/offence
Premiums (use all that apply)	
Acts or omissions demonstrating high culpability (note 8)	+2500
Large housing portfolio (10+ units of accommodation) (note 3)	+2500
Vulnerable occupant and/or significant harm occurred as result of housing conditions (note 5)	+2500
Perpetrator demonstrates Income to be less than £440/week (note 6)	-50%

NOTES

Note 1 – Offences that may be dealt with by way of imposing a financial penalty

1. The starting point for a financial penalty is based on the number of previous convictions or imposition of a financial penalty for the same type of offence in the previous four years.
2. After the starting point has been determined, relevant Premiums are added to the starting amount to determine the full financial penalty to be imposed
3. No single financial penalty may be over £30,000. Where the addition of all relevant premiums would put the penalty above the maximum, it shall be capped at £30,000

Note 2 - 2nd subsequent offence by same person/company

The Council will take into account any such convictions or financial penalties irrespective of the locality to which the offence relates.

Note 3 - Large housing portfolio (10+ units of accommodation)

1. The premium is applied where the perpetrator has control or manages of 10 or more units of accommodation.
2. For the purposes of this premium, the definition of a person having control and person managing are as defined by Housing Act 2004 Section 263.

Note 4 - Multiple Category 1 or high Category 2 Hazards

1. This premium will apply where the failure to comply with the Improvement Notice relates to three or more Category 1 or high scoring Category 2 hazards associated with different building deficiencies. For the avoidance of doubt this means that where two hazards are present but relate to the same property defect, they are counted as one hazard for purposes of this calculation.
2. For the purpose of this premium, a high scoring category 2 hazard is defined as one scored following the Housing Health and Safety Rating System as "D" or "E".

Note 5 - Vulnerable occupant and/or significant harm occurred as result of housing conditions

1. This premium will be applied once if either the property is occupied by a vulnerable person or if significant harm has occurred as a result of the housing conditions.
2. For purposes of this premium a vulnerable person is defined as someone who forms part of a vulnerable group under Housing Health and Safety Rating System relating to hazards present in the property or an occupant or group of occupants considered by the Council to be at particular risk of harm that the perpetrator ought to have had regard.
3. For purposes of this premium, significant harm is defined as physical or mental illness or injury that corresponds to one of the four classes of harm under the Housing Health and Safety Rating System Operating Guidance.
4. At the time of publication this document can be found at www.gov.uk and a summary table is below.

Hazard	Vulnerable age group (age of occupant)
Damp and mould growth	14 and under
Excess Cold	65 or over
Excess Heat	65 or over
Carbon Monoxide	65 or over
Lead	under 3 years
Personal Hygiene, Sanitation and Drainage	under 5 years
Falls associated with baths etc.	60 or over
Falling on level surfaces etc.	60 or over
Falling on stairs etc.	60 or over
falling between levels	under 5 years
Electrical hazards	under 5 years
Fire	60 or over
Flames, hot surfaces etc.	under 5 years
Collision and entrapment	under 5 years
Collision and entrapment - low headroom	16 or over
Position and operability of amenities etc.	60 or over

Note 6 - Perpetrator demonstrates Income to be less than £440/week

1. This premium will be applied after all other relevant premiums have been included and if applicable will reduce the overall financial penalty by 50%.
2. To be applicable, the person served by the Notice of Intent must provide sufficient documented evidence of income.

3. The figure of £440/week is to be calculated after omission of income tax and national insurance.
4. The Council reserves the right to request further information to support any financial claim, and where this is incomplete or not sufficiently evidenced may determine that the premium should not be applied.

Note 7 - Previous history of non-compliance with these provisions

1. This premium is applied where there has been a conviction or imposition of a financial penalty for the same type of offence in the previous four years.
2. The Council will take into account any such convictions or financial penalties irrespective of the locality to which the offence relates.

Note 8 – Acts or omissions demonstrating high culpability

This premium will be applied where, the person to which the financial penalty applies, acted in a reckless or deliberate manner in not complying with the statutory notice or previous relevant formal advice.

Rugby Borough Council

Private Sector Housing Enforcement Policy

1. Introduction

- 1.1 Rugby Borough Council's Neighbourhood Services Team is committed to ensuring good quality, healthy housing for all, by improving standards within the private housing sector, targeting that which presents the greatest risk to health and safety.
- 1.2 The Borough's private rented sector has grown substantially over recent years. In order to regulate private sector housing the Neighbourhood Services Team will use those statutory powers predominantly under the Housing Act 2004 and its relevant secondary legislation, including the Housing Health and Safety Rating System and Mandatory licensing of Houses in Multiple Occupation (HMOs).
- 1.3 The Council's Neighbourhood Services Team will carry out inspections of properties, process HMO licence applications, encourage and promote good practice, provide information and advice to landlords and managers, investigate alleged offences and, where appropriate take enforcement action in accordance with this Policy, to improve standards within private sector housing.

2. Purpose

- 2.1 The purpose of this enforcement policy is to ensure that:
 - Private sector housing is free from hazards which present unacceptable risks to the health, safety and wellbeing of its occupants;
 - All HMOs are safe for occupation and are well managed in accordance with the relevant Management Regulations;
 - All licensable HMOs are licensed with the Council's Neighbourhood Services Team and all licensing conditions are complied with;
 - Privately owned property and land does not cause any detrimental impact on the local community, and does not directly or indirectly present an unacceptable risk to public health, safety or the environment; and
 - The Council meets its statutory obligations in relation to private sector housing.
- 2.2 This Policy provides an overview of the broad principles with which the Council's Neighbourhood Services Team will seek to comply to ensure all private sector housing is healthy and safe.
- 2.3 Rugby Borough Council will regularly review this Policy to ensure it is up to date with new legislation and guidance and in carrying out any review, all relevant stakeholders will be consulted.

3. Principles of Good Enforcement

- 3.1 When discharging its duties in relation to private sector housing, the Council will follow the principles of good enforcement set out in the following:
- Regulators Compliance Code
 - The Police and Criminal Evidence Act 1984 (as amended)
 - Criminal Procedures and Investigations Act 1996
 - Regulation of Investigatory Powers Act 2000
 - Housing and Planning Act 2016
- 3.2 The Neighbourhood Services Team will enforce the law efficiently and effectively without imposing unnecessary burdens on responsible owners and occupiers. In doing so, it will have regard to the local economy, the purpose of inspections, compliance visits during which advice and guidance is given, and the principles underpinning enforcement activity.
- 3.3 The Neighbourhood Services Team recognises that most private residents and landlords want to comply with the law. It is therefore intended that housing enforcement officers will make all attempts to help them meet their legal obligations without unnecessary expense and minimising burden, where possible. However, it is recognised that in some cases formal actions, including prosecution where appropriate, will be taken against those who contravene the law or act irresponsibly.
- 3.4 The Neighbourhood Services Team will make all attempts to work actively with landlords and residents, providing clear and concise advice and guidance to assist them to meet their legal obligations, in a range of formats. We will provide a courteous and efficient service. Officers will identify themselves by name, provide landlords and residents a contact telephone number and email address for further correspondence and encourage residents and landlords to seek advice/information from officers. We will further aim to deal with representations and licence applications efficiently and promptly and ensure, wherever practicable, the regulatory services are effectively co-ordinated to minimise unnecessary overlaps and time delays.
- 3.5 The Neighbourhood Services Team will undertake proactive property inspections based on risk and intelligence and ensure its resources are targeted at the those properties which are the highest risk, such as those where there is a high likelihood of non-compliance. Where both applicable and practicable, we will endeavour to undertake joint or coordinated inspections of premises, for example with the Warwickshire Fire and Rescue Service.
- 3.6 The Neighbourhood Services Team will follow the Principles which underpin good enforcement. These principles being:

- Targeted – Enforcement action will be targeted towards those properties and people which pose the greatest risk, including those persons who contravene the legislation, putting people’s health and safety at risk and including those who evade licensing.
- Proportionate – Enforcement action will be proportionate to the risks and will reflect the nature, scale and seriousness of any breach of legislation.
- Consistent – The Neighbourhood Services Team will carry out its duties in an equitable and consistent manner, interpreting and applying relevant legal requirements and enforcement policies fairly and consistently. While officers are expected to exercise judgement in individual cases, we will have arrangements to promote consistency, including effective arrangements for liaising with other authorities and enforcement bodies.
- Transparent – Enforcement action will be put clearly and simply, and will be confirmed in writing on request, making sure that statutory requirements are clearly distinguished from advice or guidance. Prior to formal enforcement action officers will provide opportunity to discuss the circumstances of the breach/es and take these into account when deciding on the best approach, unless immediate formal action is required. Where formal action is taken, officers will provide clear reasons for this action at the time the action is taken and will be confirmed in writing at the earliest opportunity. Complaints and appeal procedures will be clearly set out at the same time.
- Accountable – The Neighbourhood Services Team will work closely with landlords, tenants and other interested parties to create effective consultation and feedback opportunities so that constructive relationships are maintained.

3.7 Complaints about service

The Neighbourhood Services Team will provide a well publicised, effective and timely complaints procedure which is easily accessible. In cases where disputes cannot be resolved, any right of complaint or appeal will be explained, with details of the process and the likely timescale involved.

4. **Housing Health and Rating System (HHSRS)**

- 4.1 The HHSRS is the method for assessing, rating and categorising hazards within residential dwellings as prescribed within Part 1 of the Housing Act 2004. The HHSRS categorises hazards into category 1 and category 2 hazards, depending on the risk rating of each hazard, which is a numerical score. The numerical score is then banded from A – J, A being the highest risk.
- 4.2 Category 1 hazards (band A – C) are the more serious and which require the Neighbourhood Services Team to take appropriate action. Category 2 hazards (band D and lower) present less of a risk to an occupier and give the Neighbourhood Services Team a discretionary power to take action where appropriate.

- 4.3 Where formal enforcement action is taken by the Neighbourhood Services Team to address any hazard assessed under the HHSRS, a minimum charge will be applied in accordance with the Council's publicised Fees and Charges document.

5. Enforcement Options

- 5.1 In order to achieve and maintain consistency within private sector housing enforcement the Neighbourhood Services Team will use the following range of enforcement options as appropriate:

- No action
- Informal action
- Statutory notices
- Formal caution
- Civil penalties*
- Prosecution
- Works in default
- Rent Repayment Orders*
- Banning Orders*

* Only applicable in relation to certain offences under the Housing Act 2004 or other specified legislation.

- 5.2 In determining the most appropriate course of action, officers will consider all relevant information and evidence of the specific case. Where appropriate, officers will consult with the Principal Environmental Health Officer or Regulatory Services Manager about the most appropriate course of action.

- 5.3 In cases where if, on investigation, it is found there is no breach of legislation and there is no risk to health then no further action may be required. In such cases, customers may be directed to other sources of advice and support.

5.4 Informal action

- 5.4.1 Informal action includes verbal advice, advisory letters and the service of Hazard Awareness Notices (applicable to the HHSRS only). Where applicable, informal letters and Hazard Awareness Notices will include an advisory warning providing full information as to if and when the Council is proposing to take any further enforcement action in respect of the said matter and, should this take place, what the implications will be.

- 5.4.2 Informal action will be considered appropriate in the following circumstances:
- The act or omission is not seriousness to warrant formal action.

- The previous history of the individual/company's past history suggests that informal action will achieve compliance within a suitable time.
- The consequences of non-compliance will not pose a significant risk to health and safety.

5.5 Statutory notices

5.5.1 The service of statutory notices will be done in accordance with any relevant statutory guidance and procedures and only those officers who are authorised under the scheme of delegation, in relation to the specific legislation under which the statutory notice is being served, will serve the notice.

5.5.2 The service of statutory notices will be considered in any of the following circumstances:

- Attempts to resolve the situation informally have failed
- There are serious contraventions of legislation, which pose a significant risk to health and safety of persons or the environment
- There is a history of non-compliance or there is intelligence that the responsible person will not respond to informal action
- The person in control is unknown or unable to be contacted
- Standards in the premises are generally poor with little management awareness of statutory requirements
- A situation exists which places a mandatory duty on the Council to serve a statutory notice.
- Effective action needs to be taken as quickly as possible to remedy conditions that present a serious risk and are deteriorating or likely to deteriorate.

5.5.3 Prior to service, authorised officers will be in possession of sufficient evidence to enforce the statutory notice and will be prepared to pursue non-compliance through the most appropriate sanctions available.

5.6 Formal Caution

5.6.1 The Neighbourhood Services Team will offer formal cautions as an alternative to prosecution in order to deal quickly and simply with less serious offences, to divert less serious offences away from the Courts and to reduce the chances of repeat offences. A formal caution will only be offered on the understanding that the Council's costs will be paid by the offender.

5.6.2 Formal cautions will be used where:

- There is sufficient evidence of the offender's guilt to give a realistic prospect of conviction,
- The offender admits the offence, and
- The offender will accept the formal caution and understands its significance

- The use of a formal caution is considered to be in the public interest.

5.6.3 Formal cautions will only be administered by the Regulatory Services Manager or another senior officer in accordance with the Council's Scheme of Delegation. Where an individual or company declines a formal caution, the Neighbourhood Services Team will instigate legal proceedings. A formal caution will be recorded on the Central Register of Convictions.

5.7 Civil Penalties

5.7.1 Civil Penalties have been introduced under the Housing and Planning Act 2016. The Neighbourhood Services Team may impose a civil penalty as an alternative to prosecution in relation to specified offences under the Housing Act 2004. In doing so, we must be satisfied that there is sufficient, admissible and reliable evidence that an offence has been committed by an individual/s or company, such that should the case be taken for prosecution in the Courts, there would be a realistic prospect of conviction.

5.7.2 When considering whether a civil penalty should be issued in place of taking a prosecution, we will have regard to the Private Sector Housing Civil Penalty Policy, taking each case on a case-by-case basis.

5.7.3 In determining the level of civil penalty to be applied the Neighbourhood Services Team will have regard to the Penalty Charges Table contained within the Private Sector Housing Civil Penalty Policy. The maximum civil penalty which may be applied is £30,000.

5.8 Prosecution

5.8.1 In deciding whether to refer a case for prosecution the Neighbourhood Services Team will have regard to the Code for Crown Prosecutors. A prosecution will only be taken in cases where there is sufficient, admissible and reliable evidence that an offence has been committed by an identifiable individual/s or company and that there is a realistic prospect of conviction.

5.8.2 Prosecution proceedings will be instigated in the following circumstances:

- Where the offence involves a flagrant breach of the law such that the health, safety or wellbeing of the public and/or the environment is put at risk
- The offence involves the failure to comply with a statutory notice, statutory instrument or other legal duty
- There is a history of similar offences involving the serious risk to the health or safety of the public and/or environment
- Where an individual/s or company is unwilling to comply with a statutory duty after having been given reasonable opportunity to do so

- Where an authorised officer has been intentionally obstructed in the course of his/her duties.

5.8.3 The decision to prosecute will be taken on a case by case basis and shall only be taken with the approval of the Head of Environment and Public Realm.

5.9 Works in Default

5.9.1 The Neighbourhood Services Team may carry out works in default where works required by a statutory notice have not been started or carried out within the specified timescales. This action may be taken in place of, or in addition to, prosecution.

5.9.2 Default action will normally only be carried out in cases where there is a risk to public health/safety or the environment, such that the consequences of not taking action would be unacceptable.

5.9.3 Where default action is taken, we will then recover those costs the Council has incurred having undertaken the required works, including administration costs. Where prompt payment of the costs is not received, the council will seek to recover the costs through the Courts or the outstanding amount will be placed as a charge on the property where interest will be accrued at the specified rate.

5.10 Rent Repayment Orders (RROs)

5.10.1 Rent Repayment Orders are made by the First-tier Tribunal and require a landlord to repay rent to tenant/s or the Council, depending on whether the rent was paid by the tenant/s themselves or whether the rent was paid by Housing Benefit or through the housing element of Universal Credit.

5.10.2 The Housing Act 2004 introduced RROs against landlords who failed to obtain a licence for any licensable HMO. The Housing and Planning Act 2016 has since extended the use of RROs to cover the following offences:

- Failure to comply with an improvement notice (Housing Act 2004 section 30)
- Failure to comply with a prohibition order (Housing Act 2004 section 32)
- Breach of a Banning Order (Housing and Planning Act 2016 section 21)
- Using violence to secure entry to a property under section 6 of the Criminal Law Act 1977; and
- Illegal eviction or harassment of the occupiers of a property under section 1 of the Protection from Eviction Act 1977.

5.10.3 The Neighbourhood Services Team will consider applying for an RRO after a landlord is the subject of a successful prosecution or a successful civil penalty. In relation to those offences to which a civil penalty is not applicable,

e.g. offences relating to prohibition orders, we will consider applying for an RRO where we are satisfied that there is sufficient, admissible and reliable evidence that an offence has been committed by an individual/s or company, such that should the case be taken for prosecution in the Courts, there would be a realistic prospect of conviction taken for prosecution in the Courts, there would be a realistic prospect of conviction.

5.10.4 When considering whether an RRO application should be made, each case will be decided independently. The maximum amount of rent which can be recovered is capped at 12 months. In making an application for an RRO, the Neighbourhood Services Team will have regard to statutory guidance issued under section 41 of the Housing and Planning Act 2016.

5.10.5 For those offences investigated and enforced by other council Services and not Regulatory Services, as set out in the Council's Scheme of Delegation, i.e. offences under the Criminal Law Act 1977 and Protection from Eviction Act 1977, the Neighbourhood Services Team will offer advice and guidance upon request and where appropriate.

5.10.6 In addition, we will offer advice, guidance and support to assist tenants to apply for an RRO if the tenant has paid the rent themselves.

5.11 Banning Orders

5.11.1 A banning order is issued by the First-tier Tribunal banning a landlord from:

- Letting any dwelling
- Engaging in letting agency work
- Engaging in property management work; or
- Doing two or more of these activities.

A landlord subject to a banning order will further be unable to hold a licence for an HMO.

5.11.2 Banning orders have been introduced under the Housing and Planning Act 2016 and are limited to England. A banning order must last for at least 12 months and has no maximum period. The length of time for which a banning order is in force is determined by the First-tier Tribunal, however the Neighbourhood Services Team will recommend how long a banning order should be.

5.11.3 The Neighbourhood Services Team will apply for a banning order where a landlord has been convicted of a banning order offence as specified in the Housing and Planning Act 2016 (Banning Order Offences) Regulations 2018 and the sentence imposed by the Court is considered significant.

- 5.11.4 We will utilise the database of rogue landlords and property agents to establish whether a landlord has committed other banning order offences or has received any civil penalties in relation to banning order offences within other local authority areas. Where the offender has a history of failing to comply with their obligations and/or their actions were deliberate and/or they knew, or ought to have known, that they were in breach of their legal responsibilities we will recommend to the First-tier Tribunal that the banning order is imposed for a longer period of time.
- 5.11.5 The Neighbourhood Services Team acknowledges that banning orders will remove the worst offenders from the private rented sector. We will therefore ensure the ban is proportionate and reflects both the severity of the offence and whether there is a pattern of previous offending to ensure it has a real economic impact on the offender and demonstrates the consequence of not complying with their responsibilities.
- 5.11.6 We will ensure the length of the ban reflects the level of harm, or the potential for harm, towards the tenant. A banning order for those offences which exposed tenants to a greater risk of harm will be imposed for a long enough time period to reflect this increased risk. In addition, banning orders will be set at a long enough period that it is likely to deter the offender from repeating the offence and to deter others from committing similar offences.
- 5.12.7 The Neighbourhood Services Team will further take into account, when considering whether to apply for a banning order in the case of property agents whether they are a member of a Government approved redress scheme.
- 5.12.8 Prior to applying for a banning order, we will serve a notice of intent on the landlord in accordance with section 15 of the Housing and Planning Act 2016. In addition, prior to making any application we may legally require the landlord to provide us with information, under section 19 of the Housing and Planning Act 2016, for the purpose of enabling us to decide whether a banning order is an appropriate sanction. In deciding whether to pursue a banning order, we will consider each case on a case by case basis.

6. Database of Rogue Landlords and Property Agents

- 6.1 The database of rogue landlords and property agents has been introduced under the Housing and Planning Act 2016 to enable English Local Authorities to keep track of rogue landlords and property agents. Statutory guidance has been issued under section 30 of the Housing and Planning Act 2016 to which the Neighbourhood Services Team will have regard to in deciding whether to make an entry within the database.

- 6.2 Where a person or organisation has received a banning order we will make an entry onto the database. This entry will remain for the duration of the banning order.
- 6.3 Where a person has been convicted of a banning order offence or has received two or more financial penalties within a 12 month period, the Neighbourhood services Team, or any other officer authorised under the Council's Scheme of Delegation, will consider, on a case by case basis, as to whether this person's details should be entered onto the database.
- 6.4 We will generally seek to include persons on the database in all cases except where the offence committed is less serious and/or there are mitigating circumstances such as personal issues (e.g. health problems) and/or it is the person's first offence.
- 6.4 Where a discretionary decision is made to entry a person's detail into the database, we will issue the person with a decision notice of our intention prior to making the entry.

7. Smoke and Carbon Monoxide Alarm (England) Regulations 2015

- 7.1 The Smoke and Carbon Monoxide (England) Regulations 2015 require rented properties to have smoke detectors installed on every storey of the accommodation and carbon monoxide alarms fitted in every room where there is a solid fuel heating appliance. The Regulations require landlords to ensure the alarms are in proper working order at the start of any new tenancy. The Regulations apply to most rented properties.
- 7.2 The Neighbourhood Services Team will enforce these Regulations, where appropriate, in accordance with Council's published Statement of Principles.

8. Enforcement – Tenure

- 8.1 The Neighbourhood Services Team utilises its statutory powers under a broad range of legislation to deal with a range of issues associated with residential premises, including disrepair and category 1 and 2 hazards, nuisance properties, defective drainage, insecure premises and filthy and verminous.
- 8.2 All enforcement options are available to the Neighbourhood Services Team, regardless of tenure. However, we consider that owner-occupiers are usually in a position to take informed decisions concerning maintenance and improvements which might affect their welfare, and are then able to set their financial priorities accordingly. Therefore, when dealing with owner-occupied properties, unless in exceptional circumstances, enforcement action will only be

considered where its condition is a danger to the occupier or the property is having a detrimental effect on either the adjoining properties or the local community.

- 8.3 The Neighbourhood Services Team thereby envisages that only Hazard Awareness Notices may be served in relation to owner-occupied properties, where it is assessed under the HHSRS that category 1 or 2 hazards are present. However, where there are concerns that person/s may be vulnerable and intervention is required to best protect their welfare, enforcement action will be considered and taken as appropriate.
- 8.4 The Neighbourhood Services Team acknowledges that tenants living within the private rented sector are usually less likely to be in a position to make decisions regarding maintenance and improvements. As such, we will generally exercise our powers when dealing with private rented properties, taking into account, where applicable, the most appropriate course of action.

9. Houses in Multiple Occupation (HMOs)

- 9.1 The Neighbourhood Services Team will utilise all of the above enforcement options when dealing with HMOs, taking into account applicable statutory guidance.
- 9.1.1 We will seek to identify all HMOs within the Borough and endeavour to work with those in control of the HMOs to ensure no occupants of these properties are put at unacceptable risks. The Council has signed up to the Local Fire Safety Protocol with Warwickshire Fire and Rescue Service and we will operate in accordance with this Protocol. Where enforcement actions are necessary to address a prescribed fire hazard within an HMO or in the common parts of a building containing flats we will consult Warwickshire Fire and Rescue Service prior to taking this action.
- 9.2 Mandatory Licensing of HMOs
- 9.2.1 Part 2 of the Housing Act 2004 requires certain HMOs to be licensed by the Neighbourhood Services Team. The HMO licensing regime includes for the assessments of suitability of the premises for the number of occupants, including the adequacy of the amenities, and to ensure adequate management arrangements are in place. It further provides for the assessment of the fitness of any person who is the named licence holder and of any persons involved with the management of the premises.

9.2.2 It is a criminal offence if a person is in control or managing an HMO which does not have the required licence. In addition, it is a criminal offence to fail to comply with any condition attached to an HMO licence.

9.2.3 The Neighbourhood Services Team will seek to identify all HMOs within Rugby borough. Where licensable HMOs are found to be operating without the required licence we will take such action necessary to ensure the premises is licensed and, where appropriate take prosecutions against those persons in control or managing the unlicensed premises.

9.2.4 Further details of the Council's approach towards licensed HMOs is contained within the HMO Licensing Policy.

9.3 HMO Management Regulations

9.3.1 These Regulations apply to all HMOs, regardless as to whether it is licensed. They place a legal duty on those managing an HMO to maintain all areas of the HMO safe and in a reasonable state of repair, common parts must be kept clean and all installations (including those for fire safety) maintained in good working order.

9.3.2 Where there is a breach of these Regulations the Neighbourhood Services Team will generally write to the relevant person/s to inform them of those Regulations which are breached and notify them of those works necessary to remedy the breach. There is no option for serving of statutory notice or works in default under these Regulations.

9.4 Interim Management Orders (IMO)

9.4.1 An IMO can be made if the Neighbourhood Services Team is satisfied there is no reasonable prospect of a licensable HMO being licensed in the near future or if it is necessary to protect the health, safety or welfare of the occupiers or those occupying houses in the vicinity. An IMO enables the Council to take over the management of the property, including the collection of rents, for a maximum of 12 months.

9.4.2 The Housing and Planning Act 2016 extends the powers to make an IMO to include circumstances where a banning order has been made and where a privately rented property is being let in breach of a banning order.

9.4.3 Where an IMO is made, the Council may delegate the management of the HMO to another agency or external partner.

9.5 Final Management Orders (FMO)

9.5.1 On expiry of the IMO, if the Neighbourhood Services Team are satisfied that the HMO remains licensable but it is still not able to grant the HMO a licence, a FMO must be made for the purpose of protecting, on a long term basis, the health, safety or welfare of the occupiers of the HMO or those of properties in the vicinity.

9.5.2 The Housing and Planning Act 2016 extends the powers to make an FMO to include circumstances where a banning order has been made and where a privately rented property is being let in breach of a banning order.

9.5.3 An FMO is similar to an IMO and can last up to five years.

9.6 Overcrowding

9.6.1 Where no IMO or FMO is in force and the HMO does not require to be licensed the Neighbourhood Services Team may serve an overcrowding notice on those relevant person/s where, having regard to the number of rooms available, we consider that the HMO is, or is likely to be, over-occupied.

10. **Exercising Powers of Entry**

10.1 To enable the Neighbourhood Services Team to enforce its statutory powers, officers are provided with powers of entry under the Council's Scheme of Delegation. In general, these powers will allow officers at any reasonable time to:

- Enter a property to carry out an inspection
- Take any appropriate persons with them
- Take equipment or materials with them
- Take measurements, photographs or make recordings
- Take samples of articles or substances
- Determine if enforcement action is necessary
- Carry out works in default

10.2 In most cases prior notice will be given to the occupier/s and/or owner/s. Generally, this notice would be given in writing. The amount of notice given will depend on the legislation being enforced and can range from 24 hours to 7 days.

10.3 Where considered necessary and appropriate, the Neighbourhood Services Team will exercise their powers of entry through a warrant, obtained from the Courts. Where power of entry is enforced through a warrant, access may be obtained by force if necessary and other enforcement agencies may be in

attendance, such as Warwickshire Police, Warwickshire Fire and Rescue Service, UK Border Agency, Gangmasters Labour and Abuse Authority and Warwickshire Trading Standards.

- 10.4 If the premises subject to the warrant is unoccupied or the occupier is temporarily absent at the time of executing the warrant and entry has to be forced, officers will leave the premises as effectively secured against trespassers as it was found. If new locks are fitted to secure the premises, information will be left on how to obtain the keys, which will be available for collection at all times.
- 10.5 It is an offence to obstruct an officer in the course of their duty. Officers exercising their powers of entry will carry identification and details of their authorisation to carry out their action.

Rugby Borough Council

House in Multiple Occupation Licensing Policy

1. Introduction

- 1.1 Rugby Borough Council's Neighbourhood Services Team is committed to ensuring good quality, healthy housing for all, by improving standards within the private housing sector.
- 1.2 The Borough's private rented sector has grown substantially over recent years, particularly in relation to houses in multiple occupation (HMOs) due to factors such as demographics and social welfare reforms. HMOs make up a valuable part of the private rented sector housing market providing cost efficient accommodation to the Borough's private tenants.
- 1.3 Part 2 of the Housing Act 2004 places a statutory duty on the Neighbourhood Services Team to licence certain houses in multiple occupation (HMOs) within the Rugby borough. The main aims of HMO licensing are to ensure the safety of some of the poorest and most vulnerable tenants who live in this type of accommodation and to ensure that these types of properties are safe and properly managed.

2. Purpose

- 2.1 The purpose of this policy is to set the framework for the application and licensing of HMOs within the borough of Rugby. It will ensure transparency, consistency and fairness in how the Neighbourhood Services Team implements the mandatory HMO licensing scheme under Part 2 of the Housing Act 2004. This policy does not take into account additional or selective licensing which the Council has discretionary powers to implement.
- 2.2 This policy will be applied in conjunction with the Private Sector Housing Enforcement Policy to achieve safe and healthy private sector housing which is well managed. Where necessary, it will assist us to deal with those criminal and irresponsible landlords who put tenants at unacceptable risks.

3. What is an HMO

- 3.1 Section 254 of the Housing Act 2004 provides for the definition of an HMO. Appendix 1 to this policy details the tests for an HMO. In essence, a building, or part of a building, is an HMO if it meets one of the following:
 - It meets 'the standard test';
 - It meets 'the self-contained flat test';
 - It meets 'the converted building test';
 - An HMO declaration is in force in respect of it under section 255;
 - It is a converted block of flats to which section 257 applies.

- 3.2 HMOs must be occupied by persons as their only or main residence and may include bedsits, shared houses, hostels and houses converted into flats. A household is classed as members of the same family. These definitions are further defined in the Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006.
- 3.3 With regard to hotels/hostels/guest house establishments the Neighbourhood Services Team shall consider that where the accommodation is occupied by persons for a minimum period of 30 consecutive days, this shall be construed to be the persons only or main residence for the purposes of the Housing Act 2004. Where the circumstances of occupation are further considered to constitute a significant use of that accommodation we will deem the property to be an HMO.
- 3.4 Exemptions to the HMO definition are detailed in Schedule 14 to the Housing Act 2004 and include any building owned or managed by a Local Housing Authority, Registered Social Landlord, Police Authority, Fire and Rescue Authority or a Health Service body. Additional exemptions include buildings occupied by only two persons who form two households, buildings occupied by a resident landlord with up to two tenants, buildings occupied by religious communities and student halls of residence where the education establishment has been listed by the Secretary of State.

4. HMO licensing

- 4.1 Previously the Licensing of Houses in Multiple Occupation (Prescribed Descriptions) (England) Order 2006 required that only those HMOs consisting of three or more storeys, occupied by five or more persons, forming two or more households required a licence. These Regulations have now been revoked by the Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018.
- 4.2 The Licensing of Houses in Multiple Occupation (Prescribed Descriptions) (England) Order 2018 come into force on 1st October 2018 and removes the 'storey' element of the definition of a licensable HMO. These Regulations thereby require the Neighbourhood Services Team to licence any HMO which is occupied by five or more persons, living in two or more households and which satisfies one of the three tests detailed in Appendix 1 of this policy.
- 4.3 The responsibility for obtaining a licence for an HMO lies with the person having control of, or the person managing, the property. This would generally be considered to be the person who receives the rent.
- 4.4 Prior to licensing any HMO the Neighbourhood Services Team must be satisfied that the property is reasonably suitable for occupation, the licence holder is a fit and proper person and is the most appropriate person to hold the licence and the proposed management arrangements are satisfactory.

4.4.1 Assessment for Suitability for Occupation

4.4.1.1 Prior to granting a licence the Neighbourhood Services Team must be satisfied that the property is reasonably suitable for occupation by not more than the maximum number of households or persons or that it can be made so suitable by the imposition of conditions. The suitability for occupation will be judged against those requirements as set out in Schedule 3 of the Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) Regulations 2006, as amended and against the Council's Standard of Amenities.

4.4.1.2 The Council's Standards of Amenities is available on the Council's website and will be reviewed from time to time in line with changes in the legislation or consultation with landlords and others with an interest in the private rented sector.

4.4.2 Fit and Proper Person Assessment

4.4.2.1 The Neighbourhood Services Team must assess whether the applicant and the manager of the property, or any person associated with them, is a fit and proper person. In taking into consideration whether a person is fit and proper we must have regard to whether:

- The person has any previous convictions relating to offences involving violence, sexual offences, drugs or fraud
- The person has contravened any laws relating to housing or landlord and tenant issues
- The person has been found guilty of unlawful discrimination practices
- The person has managed HMOs otherwise than in accordance with any Approved Code of Practice.

4.4.2.2 We may further take into account whether the applicant has:

- Been refused a licence for an HMO or been convicted of breaching licence conditions either by the Council or any other Council
- Been in control of a property subject to an HMO control order, an Interim Management Order or Final Management Order
- Been in control of a property where work in default has been carried out and the debt remains outstanding
- Any outstanding debts with the Council in relation to Housing Services
- Been convicted of Housing Benefit Fraud or subject to legal proceedings by a Council for breaches of planning, compulsory purchase or environmental health legislation.
- Not been deemed fit and proper by another Council
- Not been compliant with the Tenancy Deposit Scheme.

4.4.2.3 Subsequent to the implementation of the Housing and Planning Act 2016, in addition to the above we will take into account whether a person has been issued with the civil penalty and/or whether the persons details have been entered onto the Database of Rogue Landlords and Property Agents when considering if the person is fit and proper.

4.4.2.4 Applicants will be required to complete and sign a self-declaration as evidence of their fit and proper person status. However, in some cases the Neighbourhood Services Team may require additional information from the person in order to make a determination as to whether they are fit and proper. This may include the request for a Criminal Record Certificate.

4.4.2.5 The Neighbourhood Services Team must consider that the proposed licence holder is the most appropriate person to hold the licence.

4.4.3 Satisfactory Management Arrangements

4.4.3.1 In deciding whether satisfactory management arrangements are in place for the property the Neighbourhood Services Team must have regard to whether:

- The proposed manager has a sufficient level of competency
- Any proposed management structures and funding arrangements are suitable
- Any person proposed to be involved with the management of the property (other than the manager) are fit and proper.

4.4.3.2 We will further consider whether there is:

- A system for tenants to report defects (including emergencies) and arrangements for responding
- A system of periodic inspections to identify repair or maintenance matters
- A declaration from the owner, where not the manager, that adequate funding will be provided to the manager to deal with repairs and maintenance matters
- Compliance with the Management of Houses in Multiple Occupation (England) Regulations 2006 which include the requirement for HMOs to be kept in a reasonable state of repair, all installations and appliances (including those for fire safety) to be in good working order and the common parts to be kept in a reasonable state of decoration.

5. Licensing Procedure

5.1 Part 2 and Schedule 5 of the Housing Act 2004 prescribe the procedure which the Neighbourhood Services Team must follow when dealing with HMO licence applications and in deciding whether to grant a licence.

5.2 We are required to determine licence applications within a reasonable time. The length of the application process will vary depending on a number of factors such as the circumstances of the individual property or the total number of applications that we have received. Provided a valid application is submitted, the HMO can continue to operate legally until we have reached our decision regarding the licence and any appeals against that decision are complete.

5.3 Wherever possible, licensing decisions will be based upon an in-depth assessment of the licence application form, accompanying documents and a full inspection of the property. As such, we will only accept a licence application to be valid if it is complete with all required documentation and accompanied by the correct licence fee. Further details of the documentation which is required to be submitted with the HMO licence application is listed within the guidance notes which must be read alongside the Council's HMO licence application form.

5.4 Once the licence has been granted the details of the licence will be entered onto a public register which is available on the Council's website.

6. HMO Licence Fee

6.1 Section 63(3) of the Housing Act 2004 enables the Council to charge a fee to cover the costs incurred in undertaking its HMO licensing functions.

6.2 This fee is currently set at £650 for new licence applications, £493 for renewals of HMO licences and £900 where the Neighbourhood Services Team has to contact the landlord to inform them they are operating an unlicensed licensable HMO.

6.3 The HMO licence fees will be reviewed on an annual basis and, where appropriate, amended with the approval of the Head of Environment and Public Realm.

7. Duration of HMO Licences

7.1 HMO licences will usually remain valid for a period of five years, this being the maximum period set down in the Housing Act 2004. Exceptions to this may occur if the Neighbourhood Services Team considers necessary, for example if there is evidence to suggest that management arrangements or the property are not satisfactory, or where the Council has taken intervention against the landlord which does not warrant refusal of the licence. In such cases, the time period for the licence will be set according to what is considered appropriate by the Head of Environmental Services.

7.2 If the licence application has come about only as a result of the Council's intervention, the Neighbourhood Services Team will consider whether, in certain circumstances, the period of the licence should be reduced to reflect the period from when the licence should have been applied for and when it was actually applied for. This would ensure fairness with those landlords who have applied for their licence in good time.

7.3 HMO licences are not transferable. In cases when the licence holder dies or if the ownership of the property changes whilst the licence is in force, the original licence ceases to be in force and the property may be issued with a Temporary Exemption Notice for a period of 3 months in accordance to the Housing Act 2004.

8.0 Mandatory Licence Conditions

- 8.1 Schedule 4 of the Housing Act 2004 prescribes certain conditions which the Neighbourhood Services Team must attach to all HMO licences. Currently, these conditions require the licence holder to:
- If gas is supplied to the property, provide to the Council the annual gas safety certificate in respect of the HMO within the last 12 months and on an annual basis
 - Keep electrical appliances and furniture provided by him/her in the property in a safe condition and provide to the Council a declaration to that effect
 - Ensure smoke alarms are installed in the HMO on every storey and to keep them in proper working order and to supply on demand to the Council with a declaration by him as to the condition and positioning of such alarms
 - Supply to the occupiers of the HMO a written statement of the terms on which they occupy it.
- 8.2 On 1st October 2018 it is expected additional mandatory conditions will be required, by Regulation, to be applied to all HMO licences. Such conditions are expected to cover the occupation of rooms on the basis of the available floor area and conditions relating to household waste.
- 8.3 HMO licences will specify the maximum number of occupants who may occupy an HMO. The number of occupants will be based on the number and size of rooms and the bathroom and kitchen facilities within the property.

9. Discretionary Licence Conditions

- 9.1 In addition to mandatory HMO licence conditions, the Neighbourhood Services Team will apply further conditions to HMO licences where appropriate. Such conditions may include requiring the licence holder and/or manager to:
- Take reasonable and practicable steps to be taken to reduce anti-social behaviour
 - Ensure facilities and equipment are made available in the property for the purpose of meeting statutory requirements and the Council's Standards of Amenity and to keep such facilities in good repair and proper working order.
 - Provide, fit and maintain fire safety measures on a risk assessment basis. Such conditions will be set in consultation with Warwickshire Fire and Rescue Service in accordance with the agreed protocol.
- 9.2 Where appropriate the Council will restrict the use or occupation of parts of the property. Conditions will also be applied for undertaking works within particular timescales as considered necessary.

10 Inspections of Licensed HMOs

- 10.1 Where practicable all HMOs will be inspected prior to the licence being granted. All initial inspections will be undertaken where possible with the Fire Safety Officer from the Warwickshire Fire and Rescue Service. Following the granting of the licence and during the licence period the HMO shall be re-inspected by the Neighbourhood Services Team to ensure compliance with the conditions attached to the licence. The frequency of the re-inspections will be determined by a risk assessment undertaken by the inspecting officer.
- 10.2 Where a breach of licence conditions is found or any other category one or two hazard identified by the Housing Health and Safety Rating System the officer will, in most cases, initially use informal action to encourage the licence holder to undertake the necessary repairs. Where informal action fails to achieve a satisfactory outcome, or if the seriousness of the defect requires immediate action, the officer will use formal action against the licence holder, in accordance with the Housing Act 2004 and the Private Sector Housing Enforcement Policy.
- 10.3 Licensing does not preclude the Neighbourhood Services Team from taking any of the enforcement actions prescribed within Part 1 of the Housing Act 2004 in relation to any hazards found upon inspection, whichever is deemed to be the most appropriate course action in that instance.

11. Licence Fees

- 11.1 The Council has the power to set a fee for the licence taking into account those costs it incurs in carrying out the licensing function. Details of the current licence fees can be obtained from the Council's current 'Fees and Charges' document which is available on the Council Website. The fee must be paid to the Council prior to the licence being issued. The Council will not consider an application to be complete until full payment has been received. It is intended that this fee will be reviewed on an annual basis.
- 11.2 In circumstances where the licence holder has not voluntarily come forward to apply for a licence for an HMO an additional fee will be incurred.
- 11.3 In cases where the property ceases to be a licensable HMO, the property is sold, or the licence holder becomes deceased the fee is not refundable.

12. Variation of Licences

- 12.1 The licence may be varied upon application from the licence holder or relevant person or on the initiative of the Neighbourhood Services Team if there has been a change in circumstances from when the licence was granted. The variation procedure will be followed according to the requirements of the Housing Act 2004. Upon receipt of an application to vary a licence we may either decide to vary the licence or refuse to vary the licence.

13. Revocation of Licences

- 13.1 The Neighbourhood Services Team may revoke an HMO licence prior to the licence period ending upon an application made by the licence holder or the relevant person or by the Council's own initiative. The licence may be revoked:
- With the agreement of the licence holder;
 - If there have been serious or repeated breaches of licence conditions;
 - If the manager(s) of the property or the licence holder is no longer considered to be a fit and proper person.
 - If the property falls out of the licensing requirement or if the structure of the property is below standard.
- 13.2 The revocation procedure will be followed according to the requirements of the Housing Act 2004. Upon determining its decision, the Neighbourhood Services Team may revoke or refuse to revoke the licence.

14. Temporary Exemption Notices

- 14.1 The Neighbourhood Services Team may, if they think fit, serve a Temporary Exemption Notice in respect of an HMO which is required to be licensed but is not licensed, if the person having control or the manager of the HMO notifies us of their intention to take steps to secure that the property is no longer a licensable HMO.
- 14.2 A Temporary Exemption Notice remains in force for a 3 month period from the date on which it is served. A further Temporary Exemption Notice may be granted in exceptional circumstances. The Temporary Exemption Notice procedure will be undertaken according to the requirements of the Housing Act 2004.
- 14.3 Once a Temporary Exemption Notice has been served the details of the Notice will be entered onto a public register which is located at the Council Offices until the Notice ceases to be in force.

15. Penalties for Non-Compliance

- 15.1 The Housing Act 2004 makes it a criminal offence for a person controlling or managing a licensable HMO not to have a licence. A person found guilty of such an offence will be subject to an unlimited fine. The Neighbourhood Services Team will initially encourage the manager or person having control of any unlicensed licensable property to apply for a licence. In cases where this method is not successful we will begin formal proceedings, in line with the Private Sector Housing Enforcement Policy.
- 15.2 The Housing Act 2004 provides that at no time whilst a licensable HMO is unlicensed with the Council a section 21 notice, issued under the Housing Act 1988, may be given in relation to a shorthold tenancy.

15.3 Further offences will be committed if any licensable HMO is found to be in breach of its licence conditions, to be in a hazardous condition following a Housing Health and Safety Rating System assessment or to fail with the Management of Houses of Multiple Occupation (England) Regulations 2006, as amended. Any action taken by the Neighbourhood Services Team in respect of non-compliance with HMO licensing legislation will be taken in accordance with the Private Sector Housing Enforcement Policy.

16. Rent Repayment Orders

16.1 Upon establishing that a manager/person having control of a property has failed to licence a licensable HMO the Neighbourhood Services Team shall exercise its discretion to recover any Housing Benefit payment, or housing element of Universal Credit, from this person by applying to the First-tier Tribunal for a Rent Repayment Order. In addition, the Council will also provide tenants of the unlicensed licensable HMO with advice and support about how to apply for a Rent Repayment Order.

17. Interim and Final Management Orders

17.1 Where there is no reasonable prospect of an HMO being licensed or where the management of the property is such that the health, safety or welfare of persons occupying the house or houses in the vicinity requires protecting or there is a threat to evict the occupiers in order to avoid licensing, the Housing Act 2004 requires the Neighbourhood Services Team to make an Interim Management Order. This enables the Council to take over the management of the property for one year, including responsibility for running the property and collecting the rent.

17.2 Upon expiry of the Interim Management Order, if the property remains licensable and we are of the view that we still would not grant a licence upon application, we must apply for a Final Management Order, which would last for a period of five years.

17.3 Once a Management Order comes into effect, the details of the Order will be entered onto a public register which is located at the Council Offices until the Order ceases to be in force.

17.4 An external partner may be appointed by the Council to manage such properties for this purpose.

18. Appeals

18.1 When making its decision regarding the granting or refusing to grant a licence, the Council will enable applicants to make representation to the Head of Environment and Public Realm if they are aggrieved by the Neighbourhood Services Team's decision to set particular licence conditions or to revoke or vary a licence.

18.2 In certain case, a landlord may make a formal appeal to the First-tier Tribunal against the decision made by the Council regarding the licence within a specified time period. The First-tier Tribunal may then confirm, reverse or vary the decision.

19.0 Policy Review

This policy will be reviewed and revised as appropriate.

Last updated June 2018

Appendix 1

The tests for defining an HMO

To satisfy the definition of 'house in multiple occupation', a building, or part of it, must meet at least one of the following tests

1. It meets the 'standard test'
2. It meets the self-contained flat test
3. It meets the converted building test
4. It is declared to be a HMO, or
5. It is a block of flats subject to section 257 of the Act.

The Standard Test

To satisfy the Standard test, the building (or part) must fulfil six criteria:

1. It consists of one or more units of living accommodation which are not self-contained flats,
2. The living accommodation is occupied by persons who do not form a single household,
3. They occupy the living accommodation as their only or main residence, or they are treated as such,
4. Their occupation of the living accommodation constitutes the only use of that accommodation,
5. Rent is payable by virtue of at least one of the occupants of the living accommodation occupation of the accommodation (or there is some other agreed form of consideration in lieu of rent), and
6. Two or more of the households occupying the living accommodation share one or more basic amenities, or the living accommodation is lacking in one or more basic amenities.

The Self-contained Flat Test

This can only apply to a self-contained flat within a particular building part of a building.

The part must be a self-contained flat and the criteria of the Standard Test are fulfilled, with the exception of the first item.

The Converted Building Test

To satisfy this test, six criteria are to be fulfilled:

1. It must be a converted building
2. It contains one or more units of accommodation which are not self contained flats (even though it may contain such flats too)
3. The living accommodation is occupied by persons who do not form a single household,
4. They occupy the living accommodation as their only or main residence, or they are treated as such,

5. Their occupation of the living accommodation constitutes the only use of that accommodation, and,
6. Rent is payable by virtue of at least one of the occupants of the living accommodation occupation of the accommodation (or there is some other agreed form of consideration in lieu of rent).

AGENDA MANAGEMENT SHEET

Report Title: Treasury Management 2017/18 - Annual Report

Name of Committee: Cabinet

Date: 25th June 2018

Report Director: Head of Corporate Resources and Chief Financial Officer

Portfolio: Corporate Resources

Ward Relevance: All

Prior Consultation: Treasury Management Strategy 2017/18 - 2019/20 Cabinet February 2017

Contact Officer: Mannie Ketley – Head of Corporate Resources and Chief Financial Officer
Tel: (01788) 533420

Public or Private: Public

Report subject to Call-In: Yes

Report En-Bloc: Yes

Forward Plan: Yes

Corporate Priorities: This report does not specifically relate to any Council priorities, but should be considered by Cabinet for the following reasons:

To comply with the Code of Practice

Statutory / Policy Background: The Council's Treasury Management activities are strictly regulated by the Local Government Act 2003 and the CIPFA Code of Practice on Treasury Management.

Summary:	The report sets out the Treasury Management activities for 2017/18.
Financial Implications:	The report ensures that Cabinet is aware of the final Treasury Management position for 2017/18.
Risk Management Implications:	There are no risk management implications for this report
Environmental Implications:	There are no environmental implications for this report
Legal Implications:	There are no legal implications for this report
Equality and Diversity:	There are no equality and diversity implications for this report
Options:	1: As this report complies with the Treasury Management Code of Practice, which was approved by Council, no other options have been considered.
Recommendation:	<ol style="list-style-type: none"> 1) The Treasury Management report for 2017/18 be considered; and 2) the actual treasury management indicators (Appendix A) be noted.
Reasons for Recommendation:	To comply with the Code of Practice

Cabinet - 25th June 2018

Treasury Management 2017/18 - Annual Report

Report of the Head of Corporate Resources and Chief Financial Officer

Recommendation

- 1) The Treasury Management report for 2017/18 be considered; and
- 2) the actual treasury management indicators (Appendix A) be noted.

1.1 INTRODUCTION

The annual Treasury Management Report is a requirement of the Council's reporting procedures; and a cornerstone of the CIPFA Code of Practice on Treasury Management in the Public Services. This report covers the treasury activities for the financial year 2017/18.

Part of the Council's treasury activity is to address any borrowing need, either through borrowing from external bodies, or utilising temporary cash resources available within the Council. The wider treasury activities also include managing the Council's cash flows, its existing borrowing activities, and investment of surplus funds. These activities are structured to manage risk foremost, and then to optimise performance.

1.2 ECONOMIC REVIEW

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon the Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure.

However, growth did pick up modestly in the second half of 2017. Bank Rates rose from 0.25% to 0.50% in November 2017.

Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in investment rates from 3 – 12 months increasing sharply during the spring quarter.

1.3 THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING 2017/18

This forms one of the required prudential indicators, and shows total capital expenditure for the year and how this was financed.

	2017/18 Actual £'000	2017/18 Estimate £'000
Total capital expenditure	8,798	7,697
Resourced by:		
Capital receipts	(535)	(506)
Capital grants and other contributions	(770)	(803)
Capital reserves	(4,692)	(2,143)
Revenue	(1,961)	(1,493)
Unfinanced capital expenditure	840	2,752

Full details of capital expenditure and explanations of variances from budget can be found within the Financial and Performance Monitoring Outturn Report also included on this agenda

The Council undertakes capital expenditure on long term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need (although this does result in a loss of interest on resources which would otherwise be invested) or;
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need (unfinanced capital expenditure, therefore resulting in an increase in interest costs and eventual loan repayment)

1.4 THE COUNCIL'S OVERALL BORROWING NEED

The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position and represents 2017/18 and historic net capital expenditure which has not yet been charged to revenue. The process for charging the capital expenditure to revenue is a statutory requirement and is called the Minimum Revenue Provision (MRP)*. The Council has the option to charge more than the statutory MRP each year through Voluntary Revenue Provision (VRP). The Council's CFR for the year is shown below, and represents a key

prudential indicator. The total CFR can also be reduced by the application of additional capital resources (such as unapplied capital receipts.)

*In effect this is the amount required to be set aside for the eventual loan repayment.

Capital Financing Requirement	31 March 2018 Actual £'000	31 March 2018 Original Indicator £'000
Opening balance 1 st April 2017	86,630	89,066
Plus: unfinanced capital expenditure	840	2,752
Less: MRP/Repayment of Loan	(1,737)	(6,864)
Less: Capital Receipts set aside for repayment of Local Authority Mortgage Scheme (LAMS)	(1,000)	-
Closing balance 31st March 2018	84,733	84,954

This table demonstrates that the Council's long-term borrowing need has decreased from that predicted at the beginning of 2017/18. This is predominantly related to:

- Slippage within the General Fund capital programme relating to vehicle purchases, carbon management plan and Great Central Walk bridges offset by;
- A decision by Council (24th April 2018) to replace the voluntary repayment provision (VRP) from the Housing Revenue Account (HRA) in 2017/18 with a revenue contribution to capital balances in advance of forecast works relating to high rise blocks in Rugby.

Current and future estimated MRP and interest costs (updated from the most recent General Fund and HRA Medium Term Financial Plans) are detailed in the table below:

	2018/19 £'000	2019/20 £'000	2020/21 £'000
MRP/VRP (Debt repayments)	7,768	8,359	8,651
Net Cost of Borrowing (Interest repayments)	1,490	1,554	1,345
Total Revenue Implications	9,258	9,913	9,996

The table shows a rising charge to revenue of direct capital expenditure based on current schemes and forecast programme costs. These values may change as a consequence of the rescheduling of HRA debt subject to refined estimates of works relating to high rise blocks in Rugby.

1.5 TREASURY POSITION AT 31st MARCH 2018

The table below shows a snapshot of the Council's position as at 31st March 2018 (not for the whole of 2017/18) compared with the previous year. This situation will of course change daily as investments are adjusted to meet cash flow requirements. The results for the year as a whole are shown below in 1.7.

	31/03/2018		31/03/2017	
	£'000	Average Rate (%)	£'000	Average Rate (%)
Borrowings:				
PWLB	43,421	2.6	50,521	2.4
Money Market	13,688	3.7	13,700	3.7
Local Authorities	42,000	1.0	37,000	1.2
Total Debt Outstanding	99,109	2.1	101,221	2.3
Investments:				
In house	65,860	1.2	56,770	1.0
Total Investments Outstanding	65,860	1.2	56,770	1.0

(PWLB = Public Works Loan Board)

1.6 BORROWING IN THE YEAR:

The movement in outstanding debt was £2.112m (including temporary borrowing) as shown below:

	£'000
Debt outstanding at 1 st April 2017	101,221
Borrowing in year	28,000
Repayments in year (temporary borrowing)	(30,112)
Debt Outstanding at 31st March 2018	99,109

1.7 INVESTMENTS IN THE YEAR

1.7.1 Internally Managed Investments

The net movement in the year was an increase of £9.090m as shown below:

	£'000
Opening Balance at 1 st April 2017	56,770
Investments in year	150,434
Repayments in year	(141,344)
Closing balance at 31st March 2018	65,860

Note that investments made and subsequent repayments received result from daily short-term activities.

1.7.2 Investment Performance for 2017/18

The returns achieved through the investment strategy undertaken by the Council are shown below:

	Average Investment £m	Rate of Return (Net of Fees) %	Benchmark Return (7 Day LIBID Rate) %	Original Estimate %
Internally managed	77,403	0.94	0.21	0.84

TREASURY MANAGEMENT INDICATORS 2017/18

1. Security: average credit rating

To measure the security of its portfolio, the council compares the historic risk of default of its investments against a maximum target rate.

As an example, *based on historic data*, a AAA (least risk) rated investment has 0% chance of default within 1 year and a 0.05% chance of default within 3 years. A BBB+ (most risk) rated investment has a 0.24% chance of default within 1 year and a 1.21% chance of default within 3 years.

	Target	Actual
Historic risk of default	0.25% (max)	0.031%

2. Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as an amount of net principal borrowed (or proportion of net principal borrowed, or an amount of net interest paid, or a proportion of net interest paid) will be:

	Target £'000	Actual £'000
Upper limit on fixed interest rate exposures	111,000	33,249
Upper limit on variable interest rate exposures	0	-65,860

3. Maturity structure of borrowing

This indicator is set to control the Council's exposure to refinancing risk – that all borrowing falls due for repayment at the same time. The maturity structure of fixed rate borrowing was:

	Upper Limit	Lower Limit	Actual
Under 12 months ^{1,2}	20	0%	27
12 months and within 24 months	30	0%	14
24 months and within five years	60	0%	39
Five years and within 10 years	60	0%	14
10 years to 20 years	75	0%	1
20 years to 30 years	75	0%	1
30 years to 40 years	75	0%	1
40 years +	75	0%	4

¹Includes temporary borrowing for cash flow purposes.

²The Council's repayment profile for HRA self-financing debt includes significant sums in forthcoming years meaning that the proportion of borrowing falling due within 1 year will increase in relation to the overall debt portfolio. The Upper Limit on this indicator has been re-set to 50% in 2018/19 and future years to accommodate this situation and allow scope for increased use of temporary borrowing from other local authorities at below PWLB rates.

The maturity date of borrowing is the earliest date on which the lender can demand repayment.

4. Principal sums invested for periods longer than 364 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. It is used in conjunction with the liquidity indicator to ensure sufficient cash resources are available without penalty during the short to medium term. The total principal sums invested to final maturities beyond the year end were:

	2017/18	2018/19	2019/20
Limit on principal invested beyond year end	£20m	£20m	£20m
Actual principal invested beyond year end	£16.8m	£14.8m	£7.8m

Name of Meeting:
Cabinet

Date of Meeting:
25th June 2018

Subject Matter:
Treasury Management 2017/18 - Annual Report

Originating Department:

List of Background Papers

Document No.	Date	Description of Document	Officer's Reference	File Reference
1.				

* The background papers relating to reports on planning applications and which are open to public inspection under Section 100D of the Local Government Act 1972, consist of the planning applications, referred to in the reports, and all written responses to consultations made by the Local Planning Authority, in connection with those applications.

* Exempt information is contained in the following documents:

Document No.	Relevant Paragraph of Schedule 12A
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* There are no background papers relating to this item.

(*Delete if not applicable)

AGENDA MANAGEMENT SHEET

Report Title:	Members' Allowances 2017/18
Name of Committee:	Cabinet
Date:	25 June 2018
Report Director:	Head of Corporate Resources and Chief Financial Officer
Portfolio:	Corporate Resources
Ward Relevance:	N/A
Prior Consultation:	N/A
Contact Officer:	Mannie Ketley, Head of Corporate Resources and Chief Financial Officer
Public or Private:	Public
Report subject to Call-In:	Yes
Report En-Bloc:	Yes
Forward Plan:	Yes
Corporate Priorities:	This report relates to the following priority(ies): CORPORATE RESOURCES - Ensure that the Council works efficiently and effectively
Statutory/Policy Background:	
Summary:	The Local Authorities (Members' Allowances) (England) Regulations 2003 require each local authority to publish details of allowances paid to each councillor for the previous year. The report details allowances claimed for 2017/18 financial year.
Financial Implications:	The maximum amounts able to be claimed by councillors for basic allowance, special responsibility allowance and travel and subsistence are stipulated in the Members' Allowances Scheme.

Risk Management Implications: All claims made by councillors are rigorously checked for accuracy and compliance with the Council's Members' Allowance Scheme.

Environmental Implications: There are no environmental implications for this report.

Legal Implications: The Members' Allowances Scheme is required to comply with the Local Authorities (Members' Allowances) (England) Regulations 2003.

Equality and Diversity: There are no equality and diversity implications for this report.

Options: N/A

Recommendation: The allowances claimed by Members for 2017/18, as detailed at Appendix 1 to the report, be noted.

Reasons for Recommendation: To satisfy the legislative requirement to publish the list of allowances claimed.

Cabinet – 25 June 2018

Members' Allowances 2017/18

**Report of the Head of Corporate Resources and
Chief Financial Officer**

Recommendation

The allowances claimed by Members for 2017/18, as detailed at Appendix 1 to the report, be noted.

1. INTRODUCTION

The Local Authorities (Members' Allowances) (England) Regulations 2003 require each local authority to publish details of allowances paid to each councillor for the previous year.

The required information for 2017/18 financial year is shown in Appendix 1. A list of details of all special responsibility allowances for this financial year is attached at Appendix 2.

2. ALLOWANCES PAID

The amounts paid to councillors include basic allowance and special responsibility allowance (if applicable).

Councillors can also claim travel and subsistence allowances for meetings and conferences as determined by the Council. However, these amounts may vary as:

- (a) some councillors prefer not to claim these allowances;
- (b) they are often dependent on the frequency of journeys a councillor undertakes; and
- (c) they are dependent on how far councillors have to travel from their homes to the Town Hall.

Name of Meeting: Cabinet
Date of Meeting: 25 June 2018
Subject Matter: Members' Allowances 2017/18
Originating Department: Corporate Resources

List of Background Papers

There are no background papers relating to this item.

Roodhouse	Jerry	Paddox	£6,556.92	£2,733.00						£322.68		£9,612.60
Sandison	Neil	Eastlands	£6,556.92	£2,855.38						£406.80		£9,819.10
Shera	James	Benn	£6,556.92							£541.44		£7,098.36
Simpson-Vince	Jill	Coton & Boughton	£6,556.92	£3,825.96	£225.60							£10,608.48
Srivastava	Ramesh	Newbold & Brownsover	£6,556.92							£315.00		£6,871.92
Stokes	Michael	Admirals & Cawston	£6,227.04	£17,152.80						£406.80	£132.00	£23,918.64
Timms	Heather	Revel & Binley Woods	£6,556.92	£5,464.08								£12,021.00
Watson-Merret	Carolyn	Dunsmore	£6,556.92							£471.55		£7,028.47
Williams	Mark	Admirals & Cawston	£6,556.92							£692.03		£7,248.95
Total			£273,698.71	£63,730.68	£491.74	£330.75	£1.40	£50.05	£17.80	£8,232.44	£872.24	£347,425.81

Special Responsibilities**1 April 2017 – 31 March 2018**

The scheme also entitles those Members undertaking special responsibilities to be paid a special responsibilities allowance, subject to any part-year provisions.

Cllr M T Stokes	Leader of the Council, Leader of the Conservative Group, Chairman of Cabinet
Cllr Mrs E Crane	Communities and Homes Portfolio Holder
Cllr Mrs L A Parker	Environment and Public Realm Portfolio Holder
Cllr Ms C A Robbins	Corporate Resources Portfolio Holder
Cllr Mrs H M Timms	Growth and Investment Portfolio Holder
Cllr Ms C Edwards	Leader of the Labour Group, Chair of Brooke Overview and Scrutiny Committee
Cllr J M Roodhouse	Leader of the Liberal Democrat Group
Cllr D Poole	Chairman of Appeals Committee
Cllr C M Cade	Chairman of Licensing and Safety Committee
Cllr Mrs J B Simpson-Vince	Chairman of Planning Committee
Cllr N J Sandison	Chair of Whittle Overview and Scrutiny Committee
Cllr Mrs B Garcia	Mayor 2017/18
Cllr Mrs S D Bragg	Mayor 2016/17
Mr P Dudfield	Chairman of Audit and Ethics Committee
Mr J Eves	Vice-Chairman of Audit and Ethics Committee

Councillors are not entitled to claim more than one special responsibility allowance. If a member holds more than one post in receipt of a special responsibility allowance, the higher allowance is assumed.