

# AGENDA



- Committee - **CABINET**
- Date & Time - Tuesday, 26 March 2024 at 6.30 pm
- Venue - Council Chamber, Council Offices, Priory Road, Spalding

**Membership of the Cabinet:**

Councillors: C N Worth (Leader), G J Taylor (Deputy Leader), T A Carter (Deputy Leader), J R Astill, H J W Bingham, A Casson, P A Redgate, E J Sneath and J Tyrrell

**No substitutions permitted. Quorum 3.**

**Note: Cabinet reports may be referred to Council or Scrutiny Panels. They should therefore be kept for future reference during the current committee cycle.**

Persons attending the meeting are requested to turn mobile telephones to silent mode

Democratic Services  
Council Offices, Priory Road  
Spalding, Lincs PE11 2XE

Date: 18 March 2024

## AGENDA

1. Apologies for absence.
2. Minutes – (Pages 3 - 16)  
To sign as a correct record the minutes of the meeting of the Cabinet held on 13 February 2024 (copy enclosed).
3. Declarations of Interest –  
(Where a Councillor has a Disclosable Pecuniary Interest the Councillor must declare the interest to the meeting and leave the room without participating in any discussion or making a statement on the item, except where a Councillor is permitted to remain as a result of a grant of dispensation.)
4. Questions raised by the public under the Council's Constitution (Standing Orders).
5. To consider any matters which have been subject to call-in.
6. To consider matters arising from the Policy Development and Performance Monitoring Panels in accordance with the Overview and Scrutiny Procedure or the Budget and Policy Framework Procedure Rules.
7. 2023/24 Quarter Three Finance update (Pages 17 - 42)  
To set out the current financial position for the Council at the end of the third quarter of 2023/24 (report of the Deputy Chief Executive – Corporate (S151) enclosed).
8. Housing Damp, Condensation and Mould Policy. (Pages 43 - 60)  
To adopt the Housing Damp, Condensation and Mould Policy, risk assessment and to delegate minor and operational changes to the Assistant Director – Housing and the Portfolio Holder for Communities and Operational Housing (report of the Assistant Director – Housing enclosed).
9. Any other items which the Leader decides are urgent. -  
  
Note:     (i) No other business is permitted unless by reason of special circumstances, which shall be specified in the Minutes, the Leader is of the opinion that the item(s) should be considered as a matter of urgency.  
  
             (ii) Any urgent item of business that is a key decision must be dealt with in accordance with the Constitution's Access to Information Procedure Rules.

Minutes of a meeting of the **CABINET** held in the Council Chamber, Council Offices, Priory Road, Spalding, on Tuesday, 13 February 2024 at 6.30 pm.

## PRESENT

C N Worth (Leader)

G J Taylor (Deputy  
Leader)  
T A Carter (Deputy  
Leader)  
J R Astill

H J W Bingham  
A Casson  
P A Redgate

E J Sneath

Apologies for absence were received from or on behalf of Councillor J Tyrrell.

The Joint Chief Executive, the Deputy Chief Executive – Corporate Development (S151), the Deputy Chief Executive – Communities, the Assistant Director - Strategic Growth and Development, the Assistant Director – Regulatory, the Strategic Finance Manager, the Head of Revenues and Benefits, the Housing Transformation Manager (HRA), the Business Intelligence and Change Manager, the Group Manager – Communications and Engagement, the Democratic Services Manager and the Democratic Services Team Leader.

In Attendance: Councillor B Alcock (Chairman, Performance Monitoring Panel), Councillor A C Beal (Chairman, Governance & Audit Committee), Councillor R A Gibson (Leader, Independent Group), Councillor A R Woolf (Chairman, Policy Development Panel).

### **51. MINUTES**

The minutes of the Cabinet meeting held on 17 January 2024 were agreed and signed by the Leader.

### **52. DECLARATIONS OF INTEREST.**

Councillor Carter did not have a Disclosable Pecuniary Interest, but in the interests of transparency declared that, in relation to agenda item 15, that she was a voluntary trustee for one of the groups receiving funding from the Community Lottery.

### **53. QUESTIONS RAISED BY THE PUBLIC UNDER THE COUNCIL'S CONSTITUTION (STANDING ORDERS).**

#### Action By

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There were none.

**54. TO CONSIDER ANY MATTERS WHICH HAVE BEEN SUBJECT TO CALL-IN.**

There were none.

**55. TO CONSIDER MATTERS ARISING FROM THE POLICY DEVELOPMENT AND PERFORMANCE MONITORING PANELS**

There were none.

**56. ANNUAL BUDGET REPORT 2024/25 MEDIUM TERM FINANCIAL STRATEGY, CAPITAL PROGRAMME AND CAPITAL STRATEGY, AND ANNUAL DELIVERY PLAN**

Consideration was given to the report of the Deputy Chief Executive – Corporate Development (S151) which presented the General Fund and Housing Revenue Account budgets for 2024/25 including the use of reserves, Medium Term Financial Strategy, Capital Programme and Strategy, and Fees and Charges for 2024/25, and the Annual Delivery Plan.

The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up presented the report.

The following points were raised:

- What was the Authority's current situation with regard to the Authority's VAT status?
  - Officers responded that with regard to VAT, there were currently no 'de-minimis' issues however, the situation was continuously monitored, particularly in light of the forthcoming investment in leisure.
- Efficiency targets were reflected within Section 12 of Appendix 1 – were these figures exactly as they appeared within Table 16, and were they a figure for each year only, or were they cumulative?
  - Officers responded that each year, the efficiency targets were in their own right so once the savings had been made, this eroded the savings requirement flowing across the page - the figure was not cumulative.

The Leader thanked all involved in the production of the Budget for their work in bringing it together, and in the identification of savings. Once the Budget was agreed, the priority would be to turn these proposals into reality and to monitor progress.

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**DECISION:**

- a) That the minutes of the Joint Performance Monitoring Panel and Policy Development Panel held on 25 January 2024 (Appendix 8) be noted.

**RECOMMENDATIONS TO COUNCIL:**

- b) That Cabinet approve the following recommendations for onward referral to Full Council on 29 February 2024:
  - 1) That the Revenue Estimates for the General Fund, HRA and Spalding Special for 2024/25 (Appendices 1, 1a, 1b and 1c) be approved.
  - 2) That the Council Tax for a Band D property in 2024/25 be set at £201.42 (£6.03 per annum increase on 2023/24 levels).
  - 3) That the Spalding Special Expenses for a Band D property be set at £25.83 for 2024/25, (previously £25.47 in 2023/24).
  - 4) The additions to and use of reserves (as detailed at Appendix 1) be approved.
  - 5) The Medium Term Financial Strategy (at Appendix 1) be approved.
  - 6) The Draft Capital Programme and Capital Strategy (Appendices 1 and 2) be approved.
  - 7) The Fees and Charges Schedule 2024/25 (Appendix 4) be approved.
  - 8) That the uplift to the Real Living Wage (Appendix 1) be approved.
  - 9) That Cabinet re-affirms its previous decision in respect of long-term empty properties, detailed in Appendix 1, and makes a determination for the introduction of the premium for substantially furnished with no resident (second homes), to be introduced at the earliest point, 1 April 2025.
  - 10) The Annual Delivery Plan for 2024/25 (Appendix 5) be approved.
  - 11) That Cabinet notes the results of the Budget Consultation process at Appendix 6.
  - 12) That the alignment of constitutional financial limits across the partnership (Appendix 7) be approved.

*(Other options considered:*

- *No other options were considered.*

*Reasons for decision:*

- *To comply with the budgetary and policy framework and legislative*

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*requirements).*

**57. LOCAL COUNCIL TAX SUPPORT SCHEME 2024/25**

Consideration was given to the report of the Deputy Chief Executive – Corporate Development (S151) which sought a Cabinet decision on the final proposals for the 2024/25 Council Tax Support scheme, to be presented to Council for approval on 29 February 2024.

The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up presented the report.

**DECISION:**

- 1) That Cabinet recommends Full Council approves:-
  - i) the continuation of the current Council Tax Support scheme, including uprating in line with DWP's annual update of allowances and premiums for 2024/25, and
  - ii) the provision for Care Leaver support under this scheme to be increased to age 25.
- 2) That Cabinet delegates approval for the 2024/25 final scheme policy to the Section 151 Officer in consultation with the Portfolio Holder for Finance, including administrative and minor changes.

**RECOMMENDATIONS TO COUNCIL:**

That Full Council approve:

- i) the continuation of the current Council Tax Support scheme, including uprating in line with DWP's annual update of allowances and premiums for 2024/25, and
- ii) the provision for Care Leaver support under this scheme to be increased to age 25.

*(Other options considered:*

- *The 'do nothing' option was considered, which would see the current scheme retained without uprating;*

*Reasons for decision:*

- *Full Council must make any revision to its scheme, or any replacement, and agree its final scheme no later than 11 March 2024 in respect of the 2024/25 financial year;*
- *Continuation of the current scheme would align the CTS scheme and uprating for working age customers with DWP*

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*provisions for Housing Benefit and the CTS scheme for pensioners. This had been consistent each year since the introduction of the local scheme, and would maintain that position for 2024/25, pending a fundamental review of the scheme for future years).*

## **58. LONG TERM PLANS FOR TOWNS**

Consideration was given to the report of the Assistant Director – Economic Growth which proposed the formation of a Town Board to support the preparation of a Long-Term Plan for Spalding.

The Leader presented the report.

The following points were raised:

- Members were delighted to see these proposals coming forward and it was hoped that work commenced soon, undertaking some ‘quick wins’ as well as attempting to resolve some more long-term issues. The Authority had been attempting to address long-term plans for the town for a number of years and it was hoped that the formation of a Town Board and its supporting funding would assist to move this forward.
- It was noted that Councillor Gibson had initiated a survey to gain public feedback on parking in the Market Place – before any conclusions were arrived at, some work should be undertaken on the economic benefit or otherwise of the changing status of the Market Place. It was also important to concentrate not only on the Market Place but on other areas of the town that would benefit from investment.
  - The Leader responded that it was helpful on this occasion to be in receipt of a significant amount of funding to undertake positive change. It was also clarified that the area covered was almost the whole of Spalding and included some residential areas, not just the town centre. Finally, the Town Board would be made aware of any pieces of work undertaken to date which would assist with future plans. Consultation would be an important part of the Town Board’s role moving forward.
- What were the proposed scrutiny/governance arrangements with regard to monitoring?
  - Officers responded that plans for scrutiny/governance were being worked on and members would be advised of arrangements in due course.

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- Whilst the proposals were welcomed, it was important to ensure that the Town Board could make decisions quickly. In addition, there were a number of groups/forums that could all feed into this work – how could it be ensured that all relevant areas/forums with an interest could be involved to move things forward?
  - The Leader expected that all these groups would have representation on the Town Board. With regard to the progression of its work, the Town Board had to agree a three-year investment plan to be signed off by the Authority, the local MP and DLUHC and once this had been agreed, work could start to progress.
- How would the Board be supported administratively, were the resources available for this and would the funding contribute?
  - Officers responded that administrative support would be provided at a District level, and part of the funding was to support the Town Board in this capacity.

**DECISION:**

- 1) That the formation of a Town Board for Spalding to support the submission of the Long-Term Plan, and the appointment of Mr Robin Hancox as Chair of the Spalding Town Board, be agreed;
- 2) That the delegation of power to the Chief Executive to formally confirm the appointments to the Spalding Town Board and to submit confirmation of the establishment of the Board to the Department for Levelling Up, Housing and Communities (DLUHC) by 1 April 2024 be agreed.

*(Other options considered:*

- *The formation of the Town Board was a requirement from Government to enable Spalding to benefit from support and funding up to £20m. No other options have been considered;*

*Reasons for decision:*

- *To enable the creation of an inclusive and effective Town Board for Spalding and to support the development of the Long-Term Plan (comprising 10-year vision and 3-year investment plan) for submission before 1 August 2024. DLUHC would assess the plan and once approved would release funding.)*

**59. HOUSING LANDLORD STRATEGY**

Consideration was given to the report of the Assistant Director –

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Housing which requested adoption of the Housing Landlord Strategy 2024 – 2026.

The Portfolio Holder – Communities and Operational Housing presented the report.

**DECISION:**

- 1) That the Housing Landlord Strategy 2024 – 2026 be adopted;
- 2) That minor operational amendments to the Strategy be delegated to the Assistant Director – Housing in consultation with the Portfolio Holder for Communities and Operational Housing.

*(Other options considered:*

- *Do nothing – do not adopt the Landlord Strategy. This option was not recommended – it was good practice to have a Landlord Strategy to ensure that Officers, Members and Tenants understood the priorities and objectives;*

*Reasons for decision:*

- *To ensure the Council had a clear approach for the delivery of its Landlord Service into the future;*
- *To ensure Members, Officers and Tenants understood the vision for the Service, and progress towards its achievement could be demonstrated).*

**60. REVIEW OF THE SHELTERED HOUSING OFFER FOR THE HRA**

Consideration was given to the report of the Assistant Director – Housing which requested that Cabinet note and support recommendations and changes, including increasing the HRA Establishment.

The Portfolio Holder – Communities and Operational Housing presented the report.

The following points were raised:

- How was the charging formulated? Charges at Trinity Court seemed comparatively higher than other sites.
  - Officers advised that the charges were higher at Trinity Court than at other flat schemes because it was a bigger building and there were additional charges in place.
- Why were tenants being charged for Health and Safety compliance? Did this not fall within the Authority's landlord

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responsibilities?

- Officers responded that Health and Safety was a landlord responsibility however the charges were for communal areas (flat scheme charges for responsibilities such as fire panels, risk assessments, fire safety etc). It was good and common practice to add these as service charges. These functions were still a landlord responsibility however they were taken out of service charges rather than rent.
- Would charges be reviewed each year rather than automatically increased in line with RPI?
  - It was clarified that the review was long overdue and that this would be a scheduled review in the future, rather than an automatic increase.
- How long would the trial of the two digital notice boards be for; where would they be located; what action would come from the trial; and who would update the noticeboards?
  - The trial would be undertaken over a year to see if they were liked and used. Updates could be undertaken from the office. The boards would be positioned facing outwards where possible so information could be viewed from outside the building. Confirmation regarding the two sites was not available however, officers would advise members of this information in due course.

**DECISION:**

That Cabinet:

- 1) Noted the extensive review undertaken, initial service improvements made and those proposed to be implemented.
- 2) Supported the installation of digital notice boards, as a pilot in two communal areas to improve communication to our tenants and a marketing budget to help promote the new service, £13,000 to support these items was included in the draft 2024/25 budget.
- 3) Supported the implementation of a response service at a cost of £29,000 as included in the draft 2024/25 budget.
- 4) Supported Communal TV Aerial changes through capital investment of £111,000, generating an on-going revenue saving of £15,000 which was included within the draft 2024/25

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budget.

- 5) Supported an increase in the Sheltered Housing Budget of £290,000 and noted that this would be funded through service charges to residents. As set out in the draft 2024/25 budget.

**RECOMMENDATIONS TO COUNCIL:**

That Cabinet Recommend to Full Council:

- 6) To increase the establishment as set out in the body of the report.
- 7) To approve new service charge categories with an increase in these to sheltered tenants, of no more than £0.88 per week as attached at Appendix A. Tenants would be formally consulted through service of statutory notice.

*(Other options considered:*

- *Do nothing: The option to leave SHDC's Sheltered Housing service as it currently was and not upgrade the equipment, i.e., do nothing, had been considered. Informal Cabinet decided in 2020 that a review was required of the wider sheltered housing service offer to ensure that it was fit for purpose and met SHDC's Corporate aims and objectives.*
- *The decision to upgrade the equipment was made following investigation into the usage and need of the tenants. Lack of investment in the service offer to compliment this investment over the longer term posed significant risk to tenants and the sustainability of sheltered housing to attract future tenants.*

*Reasons for decision:*

- *To ensure that the South Holland District Council's Sheltered Housing assets were made the best use of and remained safe and secure. In addition, the service offered a preventative model, working in partnership with Health and other key services, helping to keep tenants independent for as long as possible. By working in this way, their needs would be met and by continued engagement, their views would be taken into account. These options would also ensure that Sheltered Housing was attractive to any future tenants, ensuring that it was a sustainable, modern, fit for purpose model.*
- *In addition to provide greater clarity and transparency in relation to the Sheltered Housing Service offer and charges, which highlighted that we have listened and delivered to the tenants the services they have told us they wanted and needed).*

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**61. RISK MANAGEMENT FRAMEWORK**

Consideration was given to the report of the Assistant Director – Governance which requested a review of a revised Risk Management Framework.

The Portfolio Holder – Corporate, Governance and Communications presented the report.

**DECISION:**

That the Risk Management Framework at Appendix A be supported and recommended for adoption.

*(Other options considered:*

- *Do nothing. It had already been agreed by Councillors via the Annual Delivery Plan that a Risk Management Framework for the Partnership should be developed for consideration. As such, this option was discounted.*

*Reasons for decision:*

- *To provide an aligned and consistent approach to risk management at South Holland District Council, focused on best practice across the Partnership).*

**62. REGULATION OF INVESTIGATORY POWERS ACT 2000 - PARTNERSHIP POLICY**

Consideration was given to the report of the Assistant Director – Regulatory which sought approval for the Regulation of Investigatory Powers Act 2000 – Partnership Policy for South and East Lincolnshire Councils Partnership.

The Portfolio Holder – Corporate, Governance and Communications presented the report.

The following points were raised:

- The report stated that information was retained for six years – what happened to the information after this period?
  - Officers advised that the information was automatically deleted from the public record, in line with the Retention Policy.

**DECISION:**

- 1) That the Regulation of Investigatory Powers Act (RIPA) 2000 - Partnership Policy be approved;
- 2) That the Assistant Director Regulatory / Senior Responsible

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Officer, in consultation with the Portfolio Holder, be given delegated authority to make such amendments to this policy as may from time to time be required in order to (i) reference any links or amended links to other documents as may be required; and (ii) reflect any issues over which the Council has no discretion including, but not limited to, references to any legislative changes and amended guidance. Any material amendments to the policy would be subject to the usual approval process in line with the Constitution.

*(Other options considered:*

- *To retain independent, sovereign policy to meet the obligations imposed by RIPA on South Holland District Council.*
- *This option had not been explored as economies of scale, efficiencies and shared learning could be optimised by harmonising our approach to RIPA across the Partnership. This sub regional approach also accorded with the objectives set out in the Memorandum of Agreement and the Business Case for the South and East Lincolnshire Councils Partnership.*

*Reasons for decision:*

- *To ensure that Members were aware of the duties imposed on the Council by the Regulation of Investigatory Powers Act 2000 and the requirement to adopt a Policy that was up to date, relevant and fit for purpose.*
- *To ensure Members were informed about RIPA activity, policy and procedures demonstrates good governance and an organisational commitment to the obligations imposed by RIPA on public bodies).*

**63. HEALTH AND SAFETY POLICY - GENERAL STATEMENT OF INTENT AND ARRANGEMENTS**

Consideration was given to the report of the Assistant Director – Regulatory which sought approval for the Health and Safety Policy.

The Portfolio Holder – Corporate, Governance and Communications presented the report.

**DECISION:**

That the Health and Safety Policy be approved.

*(Other options considered:*

- *None. The Council has a legal obligation to provide a Health and Safety Policy.*

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*Reasons for decision:*

- *To ensure that Members were aware of the duties imposed on the Council by the Health and Safety at Work etc. Act 1974 and the requirement to maintain a Health and Safety Policy that was up to date, relevant and fit for purpose*
- *That Members were informed of their responsibilities, and those of Officers, as set out within the Health and Safety Policy).*

**64. SOUTH AND EAST LINCOLNSHIRE COUNCIL'S COMMUNITY LOTTERY - 1 YEAR PROGRESS**

Consideration was given to the report of the Assistant Director – Wellbeing and Community Leadership which provided an overview of the first year of the South and East Lincolnshire Community Lottery Scheme.

The Portfolio Holder – Communities and Operational Housing presented the report.

The following points were raised:

- In response to a question regarding how much each group received from the lottery, it was explained that each group encouraged their friends and supporters to buy tickets and nominate them. The amount the group received would depend on how many supporters they had, and this could also fluctuate over time, dependent on whether support also fluctuated.

**DECISION:**

- 1) That the progress of the South and East Lincolnshire Councils Community Lottery scheme be noted and that its continuation be supported.
- 2) That the changes to the 'minimum age limits' to participate in the community lottery scheme be noted.
- 3) That the central fund income be used to support civic community pride events designed to celebrate and promote voluntary and community sector activity, including the act of volunteering within the borough of Boston and the East Lindsey and South Holland Districts.
- 4) That details of a data security incident on 8 November 2023 be noted.

*(Other options considered:*

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- *Draw the current scheme to a close (not recommended) and seek alternative fund raising activities.*

*Reasons for decision:*

- *To continue to raise funds for local voluntary and community groups across South and East Lincolnshire via the South and East Lincolnshire Community Lottery Scheme.*
- *To promote and encourage voluntary and community sector activity within the borough of Boston and East Lindsey and South Holland Districts).*

**65. ANY OTHER ITEMS WHICH THE LEADER DECIDES ARE URGENT.**

There were none.

(The meeting ended at 7.27 pm)

(End of minutes)

Any RECOMMENDATIONS TO COUNCIL detailed above will be submitted for consideration to the meeting of the full Council on **29 February 2024**.

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<b>REPORT TO:</b>	Cabinet
<b>DATE:</b>	26 <sup>th</sup> March 2024
<b>SUBJECT:</b>	2023/24 Quarter Three Finance update
<b>PURPOSE:</b>	To set out the current financial position for the Council at the end of the third quarter of 2023/24.
<b>KEY DECISION:</b>	N/A
<b>PORTFOLIO HOLDER:</b>	Councillor Redgate – Portfolio Holder for Finance
<b>REPORT OF:</b>	Christine Marshall – Deputy Chief Executive Corporate s151
<b>REPORT AUTHOR:</b>	Lizzie McGrath (Strategic Finance Manager PSPS) and Colleen Warren (Head of Finance, Client PSPS)
<b>WARD(S) AFFECTED:</b>	N/A
<b>EXEMPT REPORT</b>	No

## SUMMARY

This report sets out a summary of the current financial position for the Council at the end of the third quarter of 2023/24 for members consideration.

## RECOMMENDATIONS

It is recommended:

- 1) That Cabinet notes the forecast revenue position of a £340,000 overspend for 2023/24 as detailed in Table 1.
- 2) That Cabinet notes the forecast revenue position of the HRA for 2023/24 (surplus of £1.598m) as detailed in Table 3a.
- 3) That Cabinet recommends to Full Council to amend the Capital Programme at Appendix A – Table 4 to take into account the changes set out in this report.

## **REASONS FOR RECOMMENDATIONS**

To ensure the Council's forecast financial position for 2023/24 is considered and related decisions approved. It is important that the Cabinet are aware of the financial position of the General Fund to ensure that they can make informed decisions that are affordable and financially sustainable for the Council.

## **OTHER OPTIONS CONSIDERED**

To not approve the reserve movements outlined.

## **REPORT**

### **BACKGROUND**

Throughout the year quarterly monitoring reports are completed forecasting the expected year end outturn against the budget. This report provides information on the forecast full year financial performance at 31 December 2023 and as detailed in the attached Appendix A, for the following areas:

- The General Fund Revenue Budget,
- The General Fund Reserves Position,
- The Capital Programme for 2023/24
- The HRA Revenue Budget,
- The HRA Reserves Position,
- The HRA Capital Programme for 2023/24, and
- The Treasury Management Performance for the year.

### **General Fund Forecast Outturn**

Quarter 3 data provides a 9-month view on which to base the full year forecast in what is a volatile and inflationary environment, these figures are therefore susceptible to further change. The net cost of services is forecast to overspend by £340,000.

The major variances relate to the outstanding efficiencies to be met, an increase in demand on homelessness causing rent allowance pressures, partly offset by additional investment income due to high interest rates. The forecast position by Assistant Director/Corporate Finance areas is detailed at **Table 1** together with an analysis of variations.

### **Savings Target**

When setting the budget certain assumptions had to be made around inflationary pressures particularly pay, fuel, power and support for IDB costs. As a result of this approach when the budgets are not required e.g. as budgets become more accurate these are being offset again the

savings target and this information is detailed in Appendix A – Table 1b of the report. The current position is that £656,000 of potential savings have been identified at Quarter 3 against a target of £887,000 and further areas have been identified for detailed consideration.

### **Further revenue pressures**

There are emerging revenue pressures coming forward from statutory services these will need to be considered extremely carefully in light of the Councils revenue position. As part of the budget setting process proactive engagement with Councillors will take place to facilitate that debate regarding efficiencies to facilitate support for statutory services.

### **IDB's**

The financial pressure generated by the Internal Drainage Boards has been supported by government for 2023/24 in the sum of £299,000 in respect of which we are very grateful. However, the issue and challenge of a longer-term solution to this problem has been raised again with government officials at DLUC and BEIS in order to seek to come to a resolution that enables the Council to make use of the Council Tax that it raises for the purpose that it is set. In addition, the Council is now working with others affected through a Special Interest Group on this topic to take it forward. Further updates will be provided as this matter progresses.

### **Pay award**

Included within previous forecasts was the assumption that the pay award would be 5% as budgeted. The final pay award has since been agreed at £1,925. This equates to a rise of 9.42% for the lowest paid to 3.88% for those on the highest bands. The impact of the increase in the pay has been reflected in the forecasts for Quarter 3.

### **Reserves**

General Fund Specific Reserves are forecasting a planned increase in balances of £176k. Further specific details are set out in Appendix A – Table 2 with associated narrative. The General Fund Reserve Balance remains at £2.078m.

### **Capital – General Fund**

The total General Fund Capital Programme for 2023/24 is £27.081m including year-end adjustments, with the inclusion of slippage the revised capital programme for 23/24 is £8.865m, as detailed in Appendix A Table 4. The forecast capital expenditure for 2023/24 is £8.873m.

## **Housing Revenue Account (HRA) Revenue Outturn**

The HRA is forecasting a surplus of £1.598m (budgeted surplus is £2.020m). This is £422k less than expected, further detail is provided at Appendix A - Table 3a.

## **HRA Reserves**

The HRA Reserve balance is forecasting an overall decrease of £0.7m from £27.875m to £27.169. More detail is provided at Appendix A – Table 2.

## **Capital – HRA**

The total revised HRA Capital Programme for 2023/24 is £23.897m with forecast capital expenditure of £19.7m, as detailed in Appendix A Table 7.

## **Treasury Management**

Section 2.5 of Appendix A provides details of the Council’s Treasury Investments. The Council’s 2023/24 budget for investment income is £1.861m. As at 31 December 2023 the outturn for investment income for 2023/24 is forecast to be £2.36m (Q2 £2.32m) split £1.481m GF (Q2 £1.459m) and £876k HRA (Q2 £861k). Investment income is anticipated to be £298k above the budget for GF and £199k for HRA.

The Council has external loans held with Public Works Loans Board totalling £67.456m. Interest costs on this external borrowing will be £2.347m for 2023/24.

## **CONCLUSION**

To ensure that the Quarter three position is scrutinised and the forecast outturn reviewed.

## **IMPLICATIONS:**

None

## **SOUTH AND EAST LINCOLNSHIRE COUNCIL’S PARTNERSHIP**

None

## **CORPORATE PRIORITIES**

None

## **STAFFING**

None

## **CONSTITUTIONAL AND LEGAL IMPLICATIONS**

None

## **DATA PROTECTION**

None

**FINANCIAL**

As contained in Appendix A.

**STAKEHOLDER / CONSULTATION / TIMESCALES**

None

**REPUTATION**

None

**CONTRACTS**

None

**CRIME AND DISORDER**

None

**EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

None

**HEALTH AND WELL BEING**

*None*

**CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

*None*

**APPENDICES**

Appendices are listed below and attached to the back of the report: -

Appendix A

Q3 Finance Report 2023/24

**BACKGROUND PAPERS**

None

**REPORT APPROVAL**

Report author:

Lizzie McGrath, Strategic Finance Manager, PSPS and Colleen Warren, Head of Finance (Client), PSPS

Signed off by:

Christine Marshall, Deputy Chief Executive (Corporate Development) and S151

Approved for publication:

Councillor Paul Redgate Portfolio Holder for Finance

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## APPENDIX A - South Holland District Council – Q3 Finance Report 2023/24

### Finance Summary

- The revenue forecast shows a deficit position of £340k as at 31 December. The deficit at Quarter 2 was at £338k.
- The HRA is forecasting a surplus of £1.598m (budgeted surplus is £2.017m). This is £419k less than anticipated, and £22k less than Quarter 2 forecast (£1.620m). The main reasons for the movement from Q2 is a £271k pressure from repairs and maintenance, which is partially offset by supervision and management savings of £224k, and £15k saving on rents, rates etc.
- General Fund specific and general reserves of the Council are forecast to be £5.157m at 31 March 2024.
- HRA reserves are forecast to be £27.169m at 31 March 2024.
- General Fund Capital spend at the end of Quarter 3 was £4.663m against a full year budget of £8.865m.
- HRA capital receipts for the year are forecast to be £1.851m. Total HRA capital resources at the end of 2023/24 are forecast to be £34.335m.
- HRA capital spend at the end of Quarter 3 was £8.147m against a full year budget of £23.897m.
- The Council held investments of £36.8m as at 31 December 2023. As at 30 September 2023 the Council held investments of £37.7m.

### Section 2 – Finance

Section 2.1	Key Financial Issues in Quarter 3 of 2023/24
Section 2.2	Revenue Budget
Section 2.3	Housing Revenue Account Budget
Section 2.4	Capital Budget
Section 2.5	Treasury Management
Section 2.6	Debt Collection
Section 2.7	Business Rates and Council Tax Collection

#### Section 2.1 – Key Financial Issues in Quarter 3 of 2023/24

- The forecast currently includes assumptions around expected falls in fuel and utility costs as a result of better than budgeted unit prices being realised during Quarter 3.
- The numbers of people seeking assistance for homelessness and where a duty applies has remained consistently above projected levels this quarter. The rising costs of living continues to be an issue, it is expected to result in a high level of demand in support during the year.
- The Council's 2023/24 budget for investment income is £1.861m. At the end of December 2023 investment income is estimated to be approximately £1.821m. The outturn for investment income for 2023/24 is forecast to be £2.36m, split £1.481m GF and £876k HRA. Investment income is anticipated to be £298k above the budget for General Fund and £199k for HRA. This will continue to be reviewed as we move towards year end.
- The process of identifying the in year efficiencies is currently underway and has continued throughout the year.
- The pay award was budgeted at 5%. The final pay award was agreed at £1,925, this equated to a rise of 9.42% for the lowest paid to 3.88% for those on the highest bands. The impact of the increase in the pay award has been reflected in the Quarter 3 forecasts.
- Rent allowances forecast has been updated based on DWP mid-year estimates. This has caused a net projected overspend of £186,000 for rent allowances and £80,000 for rent rebates. There is also a forecast shortfall of grant income due to budget misalignment; The CTS Admin Grant (£61,800) and the Family Annex

grant (£35,900) are budgeted for differently in 23-24, they now contained in the final settlement and are no longer budgeted as separate grants.

- The one-off use of New Homes Bonus (NHB) from reserves to alleviate the revenue position has been included in the Quarter 3 forecast.

Inflation	October (%)	November (%)	December (%)
CPI	4.6	3.9	4.0
RPI	6.1	5.3	5.2

## Section 2.2 – Revenue Budget

**Table 1** details the forecast outturn by Assistant Director. This is based on the Quarter 3 forecast position as at 31 December 2023 and is based on officers' projections for the remainder of the financial year.

Table 1 – Projected Net Spend by Assistant Director Area				
Assistant Director	Revised Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Corporate	2,326	2,221	(98)	Variance is driven by ICT underspend; £76k savings resulting from hardware purchased as capital in the previous year resulting in no revenue outlay in 23/24 combined with recharge income receipts, and £50k underspend forecast against License costs due to warranty cover and postponed upgrades. ICT underspend is partially offset by pay award staffing costs and the apprenticeship levy, which was a budget misalignment.
Finance	3,551	3,978	426	Variance mainly due to: Rent allowances forecast £186k and rent rebates £80k where support cannot be fully recovered by subsidy. CTS Admin and Family Annex Grants £62k are now contained in the final settlement and no longer budgeted as separate grant income. Increased insurance costs of £24k and 2022/23 HB subsidy audit costs of £34k, linked to inflation. Decrease to CT and NNDR court income of £18k as forecast has been aligned with actuals to date and prior years. There has been a £15k unbudgeted recharge relating to 2022/23 Breckland Manager costs.

**Table 1 – Projected Net Spend by Assistant Director Area**

Assistant Director	Revised Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Housing	(120)	(145)	(25)	New Service – NSAP – Forecasts for Cleaning and Grounds Maintenance charges (£22k) removed and replaced by internal charges, and savings on utilities (£7k). NSAP savings partially offset by Professional and Contractors Fees relating to evictions.
General Fund Assets	401	418	17	Car parking income is forecast to be below budget £87k, lower through put and machine down time (replacement machines being ordered). Rental Income from Garages budget misalignment £38k. Loss of tenant £26k at Priory Rd – potential tenants reviewing asset. The above overspends are largely offset by underspend on Programmed Buildings Maintenance.
Governance	960	1,091	131	Election costs are funded from reserves, the budget was set with reserve funding and no offsetting expenditure. The forecast correctly reflects May election expenditure fully funded by reserves.
Leisure & Culture	916	909	(4)	£22.2k shortfall on rental income at South Holland Centre and TIC due to non-occupancy. Arts Council receipts are forecast to be £6k less than budgeted. This has been offset by forecast savings (£11k) against cost of running Christmas, Pumpkin and smaller as hoc events. Further underspends on building repairs, maintenance and utilities are forecast.
Neighbourhoods	4,770	4,851	81	Pressures relate to an additional £285k on salary pay award and agency backfill due to staffing requirements. The authority has benefited by additional income from LCC (£127k) for cross border travel, underspend on plastic bags forecast, and vehicle running and repair costs savings forecast reflective of fleet investment undertaken in recent years.
Planning & Strategic Infrastructure	302	290	(11)	Variance mainly due to staff vacancies.

**Table 1 – Projected Net Spend by Assistant Director Area**

Assistant Director	Revised Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Regulatory	832	895	63	Land charges inspection fee income reduced by 33% resulting in £40k underachievement. This is due to high interest rates and cost of living crisis affecting household spending. Income from Public Courses no longer being progressed £24k. Savings on staff costs offset the above pressures at Q2 but are now expected to be broadly in line with budget as a result of the pay award and filled vacancies.
Strategic Growth & Development	331	359	28	The remaining variance mainly due to: A delay in starting the UKSPF project, £36k grant income slipped into 2024/25. Overspends are partially offset by salary recharges to SELC partners and utilities savings.
Strategic Project	152	155	3	No major variances.
Wellbeing & Community Leadership	1,411	1,403	(8)	The numbers of people seeking assistance for homelessness and where a duty applies has remained consistently above projected levels, resulting in £160k forecast overspend. This has been offset by Private Sector Housing breach charges (£60k) and underspend staff costs (£113k) mainly due to secondments and vacancies.
<b>Sub Total – Assistant Directors – Net Costs</b>	<b>15,833</b>	<b>16,437</b>	<b>605</b>	
Recharges to HRA	(3,070)	(3,070)	0	
Internal Drainage Boards and Parish Precepts	3,996	3,999	3	No major variances.
Investment Income	(1,184)	(1,481)	(298)	Additional investment Income estimated at better than budgeted interest rates.
MRP	177	234	57	This is due to early delivery of capital programme
Impairment Allowance – Bad debt provision	0	42	42	There is an increase in Council Tax Collection provision. This is due to residual old debt getting harder to collect and the impact of the economic climate on current debt collection.
Capital Expenditure Charged in Year	586	586	0	
Transfers to/(from) Earmarked Reserves	0	(300)	(300)	Release of NHB from reserves to support the revenue budget approved in Q2.
Efficiencies Requirement	(231)	0	231	See table 1b for breakdown.

**Table 1 – Projected Net Spend by Assistant Director Area**

Assistant Director	Revised Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000	Variance (underspend)/overspend £'000	Comments on main variances
<b>Other Income and Expenditure</b>	<b>274</b>	<b>10</b>	<b>(264)</b>	
<b>General Fund Budget net costs</b>	<b>16,107</b>	<b>16,447</b>	<b>340</b>	
Council Tax	(7,242)	(7,242)	-	
Business Rates	(6,942)	(6,942)	-	
Government Grants	(1,923)	(1,923)	-	
<b>Total Funding</b>	<b>(16,107)</b>	<b>(16,107)</b>	<b>0</b>	
<b>Total Budget - (Surplus)/Deficit</b>	<b>0</b>	<b>340</b>	<b>340</b>	

**Recommendation:**

**F1** That Cabinet notes the forecast revenue position of a £340,000 overspend for 2023/24 as detailed in Table 1.

The 2023/24 budget included an efficiency target of £887k, efficiencies outturn so far is:

Table 1b– Efficiency Description	Amount £'000	Comments
Internal Drainage Board Support	(299)	Additional one-off grant from Government
Member Allowances - changes to member responsibilities	(15)	New Cabinet structure
Pension Reducing requirement	(25)	Recurring reduction in budget
Power - depending on Power prices	(61)	Budget in excess of requirements
South Holland Centre – Power over budget	(33)	Budget in excess of requirements
South Holland Centre – Business Rates	(8)	Rate Appeal Undertaken
Waste Service – dropping fuel prices	(30)	Budget in excess of requirements
Fleet excess budget closure of cost centre - sale of asset	(6)	Budget in excess of requirements
Duplication of budget	(60)	Budget mis-alignment – duplication due to transfer of staff member
Insurance – Cyber	(6)	New contract price
Regulatory 0.8 FTE budgeted as 1 FTE	(8)	Budget mis-alignment – budgeted at 1FTE – staff reduced hours to 0.8FTE
Savings on LABC service fees	(5)	Budget in excess of requirements
PSPS Contract	(35)	Contract savings
Dems services saving (staff post)	(20)	Budget in excess of requirements
Spalding Special Expenses	1	Correction of budget mis-alignment
Further Waste Services fuel savings	(46)	Budget in excess of requirements
<b>Total</b>	<b>(656)</b>	
<b>Target</b>	<b>(887)</b>	
<b>Efficiencies to be Identified</b>	<b>231</b>	
<b>Total deficit at Q3 excluding efficiencies</b>	<b>109</b>	
<b>Total efficiencies to be found to balance year end based on current forecast.</b>	<b>340</b>	

A new savings and efficiency plan has been developed and will be monitored by the Leader and Finance Portfolio Holder.

## Income

The Council has several demand-led budget areas which are reliant on income for services provided. These are shown in Table 1c below.

Table 1c – Trading Income Budgets				
Income Area	Revised Budget	Forecast	Variance (above)/ below budget	Comments
	£'000	£'000	£'000	
Car Parking	(393)	(306)	87	Underachievement of income due to reduced footfall and payment machine downtime. New machines are due to be purchased and installed.
Planning	(825)	(825)	-	
Licensing	(122)	(125)	(3)	Small overachievement forecast.
Markets	(32)	(32)	-	
Land Charges	(120)	(80)	40	Reduction due to external economic factors, Inspection Fees are demand led with the Housing market.
Building Control	(357)	(286)	71	Building Control fee income reduction due to external economic factors.
Commercial Rents	(333)	(292)	40	Underachievement of income due to office vacancies at Priory Road and vacancy of tenant running the bar at South Holland Centre and TIC.
Green Waste	(600)	(600)	-	
<b>TOTAL</b>	<b>(2,780)</b>	<b>(2,545)</b>	<b>235</b>	

## Reserves

At 31 December 2023 the General Fund specific reserves are forecast to be £3.079m, after a net transfer into reserves of £176k to cover future revenue and capital expenditure. **Table 2** reflects the forecast position.

Table 2 – Specific and General Reserves Balance Forecast				
Reserve	Balances at 1 April 2023 £'000	Forecast Contributions into Reserves £'000	Forecast Use of Reserves £'000	Forecast Balances at 31 March 2024 £'000
<b>General Fund</b>				
Council Tax	655	695	(128)	1,222
Replacement and Refurbishment	0	100	(65)	35
Repayment Reserve	0	121	0	121
Investment and Growth	1,725	459	(1,006)	1,178
Transformation	129	0	0	129
Planning reserve	394	0	0	394
<b>Specific Reserves Total</b>	<b>2,903</b>	<b>1,375</b>	<b>(1,199)</b>	<b>3,079</b>
General Fund	2,078	0	0	2,078
<b>Total</b>	<b>4,981</b>	<b>1,375</b>	<b>(1,199)</b>	<b>5,157</b>
<b>Housing Revenue Account</b>				
HRA General Reserve	22,512	1,598	(1,423)	22,687
Major Repairs	5,163	4,251	(5,132)	4,282
Insurance	200	-	-	200
<b>Total</b>	<b>27,875</b>	<b>5,849</b>	<b>6,555</b>	<b>27,169</b>

Please note the following reserve movements that are due to take place in 2023/24:

- Council Tax
  - Additions – General fund contribution
  - Use of reserve (Revenue) – Business Rates shortfall and noise monitoring equipment
- Investment and Growth
  - Additions – Repayment of Workshop van, new homes bonus and green waste capital repayment.
  - Use of reserve (Revenue) – Corporate savings, town centre improvement works. Use of New Homes Bonus (NHB) to alleviate in year budget pressures, as approved in Q2 report.
  - Use of reserve (Capital) – Corporate savings, ICT Infrastructure, town centre improvement works, Rough Sleeping Accommodation Programme, South Holland Centre and TIC.
- Replacement and Refurbishment Reserve
  - Additions – General fund contribution
  - Use of reserve (Revenue) – Programmed use for asset maintenance

## Section 2.3 – Housing Revenue Account Budget

Table 3a – Projected Net Spend by Service Area				
Service Area	Revised Budget 2023/24 £'000	Forecast 2023/24 £'000	Variance (underspend)/ overspend £'000	Comments on main variances
Rent Income – Dwellings	(17,001)	(16,797)	204	Rental income is showing an in-year underachievement due lost income from RTB completions, in year acquisitions are yet to offset the income shortfall.
Charges for Services and Facilities	(1,216)	(1,263)	(47)	The increase in sewage charges was forecast based on previous increases but the actual increase was higher than anticipated. The income forecast for guest rooms within Sheltered Housing is higher due to guest rooms being used to support the Homelessness Team. Lower income is expected from private lifelines where take up of the service continues to reduce as there are a number of alternative providers for lifeline services locally.
Contributions to Expenditure	(5)	(1)	4	Variance as a result of reduction in court costs and subsequent reduction in court income.
<b>Total Income</b>	<b>(18,222)</b>	<b>(18,061)</b>	<b>161</b>	
Repairs and Maintenance	3,235	3,747	512	The Responsive and Void (Repairs) budget has been consistently under pressure as a result of increased labour, inflation and volume demand. Following national media around damp and mould there is greater public awareness which has resulted in a significant increase in demand. 11,000 repairs had been carried out by the end of December 2023; the forecast assumes 15,000 repairs by year end (compared to 5 year average of 11,000 per annum). Other providers are reporting similar upturns and this trend is expected to continue. Other contributing factors include greater pay rises for staff than budgeted, fluctuating central recharges, increase use of call off contracts for demand led trades, cost of materials for carpentry and increased scale of associated jobs, increase in plastering works, and de minimis roofing works now charged to revenue.

Table 3a – Projected Net Spend by Service Area				
Service Area	Revised Budget 2023/24 £'000	Forecast 2023/24 £'000	Variance (underspend)/overspend £'000	Comments on main variances
Supervision and Management	3,673	3,424	(249)	£223k of the variance relates to Housing Delivery; £86k savings forecast against the Professional and Contractors Fees budget, additional £50k project management income from BBC re LAHF properties and £108k from the affordable housing capital programme, offset by £20k project management fee from Welland Homes. £21k of the variance reflects an underspend forecast against the Cost of Living allowance, the saving represents the number of properties which have been relet in year. £5k variance relates to Repairs, the underspend is driven by payroll costs due to delayed starts and vacancies within the service, and utilities are currently forecast to underspend. Repairs savings are partially offset by ongoing pressures on drainage repairs and increased insurance cost.
Rents, rates, taxes, and other charges	81	78	(3)	No major variances.
Depreciation	4,251	4,251	-	
Movement in Allowance for bad debts	271	271	-	
Statutory recharge to the HRA for support services	3,021	3,221	200	HRA recharge review undertaken
<b>Total Expenditure</b>	<b>14,532</b>	<b>14,992</b>	<b>460</b>	
<b>Contribution from Operations</b>	<b>(3,690)</b>	<b>(3,069)</b>	<b>621</b>	
Investment Income	(677)	(876)	(199)	Increased interest due to favourable market rates.
Interest Payable	2,347	2,347	-	
<b>Net (Surplus)/Deficit</b>	<b>(2,020)</b>	<b>(1,598)</b>	<b>422</b>	

Table 3b– HRA Revenue Budget Movement	£'000
<b>2023/24 HRA Budget as at Council on 3<sup>rd</sup> March 2023</b>	<b>(2,086)</b>
Movements during Q2	
Proforma B – HRA Transformation resources- Manager & Officer posts	66
<b>Total</b>	<b>66</b>
<b>2023/24 Revised HRA Budget as at 31 December 2023</b>	<b>(2,020)</b>

**Recommendation:**

**F2** That Cabinet notes the forecast revenue position of the HRA for 2023/24 (surplus of £1.598m) as detailed in Table 3a.

## Section 2.4 – Capital Budget

This section covers:

- Progress against the 2023/24 approved capital programme and the anticipated outturn (General Fund Table 4 and HRA Table 8);
- Financing of the Capital Programme (General Fund Table 6 and HRA Table 8);
- Revisions to the Capital Programme (General Fund Table 5 and HRA Table 9);
- Capital Receipts to date for 2023/24.

### General Fund (GF) Capital Programme

Table 4 – 2023/24 Capital Programme and Q2 Forecast Outturn							
Scheme	Approved Budget 2023/24	Changes to approved budget	Slippage to Future Years	Revised 2023/24	Actual December 2023	Forecast Outturn 2023/24	Variance (under)/over
	£000	£000	£000	£000	£000	£000	£000
<b>Non UKSPF &amp; LUF Projects</b>							
ICT	620	(382)	(30)	<b>208</b>	148	208	-
Footway Lighting	105	-	(13)	<b>92</b>	47	92	-
Car Park Resurfacing	85	-	(73)	<b>12</b>	11	12	-
Capital Acquisitions re Growth and Commercialisation	1,260	69	(29)	<b>1,300</b>	1,143	1,300	-
Rough Sleeping Accommodation Programme (RSAP)	21	(17)	-	<b>4</b>	4	4	-
Neighbourhoods	756	(57)	(80)	<b>619</b>	510	619	-
Disable Facilities Grants – Private Sector Housing	772	-	(21)	<b>751</b>	360	751	-
Decent Homes Unfit and Disrepair – Housing	150	-	(75)	<b>75</b>	-	75	-
Welland Homes	3,976	-	(1,110)	<b>2,866</b>	1,578	2,866	-
Disabled Facilities Grants – Private Sector Housing – Discretionary Better Care Additional Payments	250	-	(245)	<b>5</b>	-	5	-
Industrial Units	63	(13)	(50)	-	-	-	-
Council Offices Priory Road – Boiler	42	-	(10)	<b>32</b>	46	46	14
South Holland Centre – Boiler	65	-	-	<b>65</b>	51	51	(14)
Spalding Gateway Public Realm Project	283	-	-	<b>283</b>	-	283	-
Assets and Property – Castle Sports	96	-	(18)	<b>78</b>	9	78	-
Assets and Property – Moulton Park & New Sheep Market	300	-	(128)	<b>172</b>	17	172	-
Spalding Cemetery	25	-	(25)	-	-	-	-
Ayscoughfee Projects	49	(34)	(15)	-	-	-	-
West Marsh Road Depot Projects	36	-	-	<b>36</b>	7	36	-
Homelessness	31	-	(31)	-	-	-	-
Next Steps Accommodation Programme (NSAP)	46	(46)	-	-	-	-	-
Changing Places	65	-	-	<b>65</b>	36	65	-

Ayscoughfee Tennis Court Refurbishment	116	-	-	116	124	124	8
Local Authority Housing Fund	738	-	-	738	-	738	-
Car Park Machines	-	63	-	63	-	63	-
<b>Total Non UKSPF &amp; LUF Projects</b>	<b>9,950</b>	<b>(417)</b>	<b>(1,953)</b>	<b>7,580</b>	<b>4,091</b>	<b>7,588</b>	<b>8</b>
<b>UKSPF &amp; LUF</b>							
UKSPF	131	435	-	566	413	566	-
<b>Total UKSPF</b>	<b>131</b>	<b>435</b>	<b>-</b>	<b>566</b>	<b>413</b>	<b>566</b>	<b>-</b>
South Holland Health and Wellbeing Hub	17,000	-	(16,281)	719	159	719	-
<b>Total LUF</b>	<b>17,000</b>	<b>-</b>	<b>(16,281)</b>	<b>719</b>	<b>159</b>	<b>719</b>	<b>-</b>
<b>Grand Total – All Projects</b>	<b>27,081</b>	<b>18</b>	<b>(18,234)</b>	<b>8,865</b>	<b>4,663</b>	<b>8,873</b>	<b>8</b>

Slippage to future years was approved by Full Council on 29<sup>th</sup> February 2024 as part of Budget Setting 24/25.

The revised capital budget as at Q3 will be £8.873m, derived from the combination of the 2023/24 approved budget of £27.081m, new in-year approved spend, uncommitted spend and slippage into future years. The overall expenditure as at Q3 is £4.663m.

### Changes to approved capital budget

Detailed below are subsequent changes to the capital programme since the Q2 report and reflected in the table above.

Table 5 Capital Programme Changes		
Project Description	Amount £'000	Approval
ICT	(382)	Decommitment of previously approved schemes, future bids for schemes to be brought forward as they are required.
Capital Acquisitions re Growth and Commercialisation	69	S151 approval of £59k increased expenditure relating to Wardentree Park Depot. £10k land purchase at Clubhurn Lane, Surfleet approved by Portfolio Holder for Assets and Strategic Planning.
Rough Sleeping Accommodation Programme (RSAP)	(17)	Decommitment of remaining budget as the scheme has been completed.
Neighbourhoods	(57)	Decommitments due to purchases below budgeted costs delivering a saving.
Industrial Units	(13)	Decommitment of scheme as no longer financially viable for works.
Ayscoughfee Projects	(34)	Decommitment as works now completed.
Next Steps Accommodation Programme (NSAP)	(46)	Decommitment of remaining budget as the scheme has been completed.
Car Park Machines	63	S151 approval of car parking machine replacement, increased reliability of machines will be a positive revenue impact.
UKSPF	435	Request for the budget to be increased in line with the updated grant to be received by the Council.
<b>Total</b>	<b>14</b>	

## Progress against approved budgets

- Disabled Facilities Grants – Private Sector Housing – Discretionary Better Care Additional Payments – Demand on scheme is lower within the first half of the year. New discretionary policy is in progress also is unlikely to be in place until next year.
- Welland Homes – Q2 report requested accelerated funding of £2.75m from 2024/25, delays within a number of accelerated projects have led to the request to slip £1.1m back into 2024/25. The works are still ahead of the schedule originally approved as part of the budget report for 2023/24.
- South Holland Health and Wellbeing Hub – The original funding bid for the SHHWBH assumed detailed project planning and design would commence in 2022/23. However, due to delays in central government around assessment of the original funding bid, commencement of the project was delayed with slippage into 2023/24. The original bid submission to DLUHC assumed spend in 2022/23 of approximately £2m with a further £15m spend in 2023/24. The award decision came in January 2023 with project manager appointment, project mobilisation and MoU sign-off in Mar-Jun 2023. Additionally, due to the comparatively high value of the funding award, there was a need to satisfy pre-contract due diligence relating to Subsidy Control for the value of the award before the MoU could be finalised. This has all culminated in a later start to the project than was assumed in the bid. Accordingly, government have extended the completing date for all LUF projects to reflect the delay in central government. The current forecasted 2023/24 project spend, at £0.719m.

## 2023/24 Funding

Table 6 Capital Programme Financing				
All Projects	Approved Budget 2023/24 £000	Revised Budget 2023/24 £000	Full year forecast 2023/24 £000	Variance 2023/24 £000
Replacement and Refurbishment Reserve	(75)	(65)	(73)	(8)
Investment and Growth Reserve	(1,439)	(741)	(741)	-
Grants	(18,883)	(2,698)	(2,698)	-
Internal Borrowing – Environmental Services Vehicles	(567)	(510)	(510)	-
Internal Borrowing/MRP/Future Needs	(182)	(53)	(53)	-
Internal Borrowing – Unfinanced	(537)	(505)	(505)	-
S106	(237)	(237)	(237)	-
Spalding Special Reserve	(25)	-	-	-
Welland Homes/Internal Borrowing	(3,976)	(2,866)	(2,866)	-
Capital Receipts	(1,160)	(1,190)	(1,190)	
<b>Totals</b>	<b>(27,081)</b>	<b>(8,865)</b>	<b>(8,873)</b>	<b>(8)</b>

### Recommendation:

**F3** That Cabinet recommends to Full Council to amend the Capital Programme at Appendix A – Table 4 to take into account the changes set out in this report.

Table 7	Revised Budget 23/24 £000	Actual December 2023 £000	Forecast Outturn 2023/24 £000	Variance (under)/over £000
Central Heating	945	741	945	-
Kitchen/Bathroom	1,495	817	1,495	-
Renewable Energy	2,845	179	2,845	-
Smoke Alarms	210	154	300	90
Electrical Upgrades	96	176	226	130
Roofs and Gutters	888	770	888	-
Doors and Windows	908	-	778	(130)
Flat Entrance Doors Sheltered Schemes	482	72	482	-
Chimneys	196	63	135	(61)
Paths and Drives	36	66	71	35
Boundary Walls	90	-	40	(50)
Fees	219	-	215	(4)
Sewerage Treatment Plant	801	192	575	(226)
The Square	1,277	234	400	(877)
Car Parks	167	-	67	(100)
Community Centre Refurbishment	75	-	75	-
Booking System for Community Centres and Guest Rooms	15	-	18	3
ICT Strategy / Infrastructure	268	119	176	(92)
Replacement Laptops	78	-	26	(52)
Major Adaptions	600	255	365	(235)
Sheltered Alarm Upgrade**	816	67	126	(690)
Housing Repairs Vehicles	150	-	-	(150)
Wignals Gate S106	965	836	846	(119)
Albion street Crowland	9	-	-	(9)
Northons Lane Holbeach	1,257	190	776	(481)
Jubilee Way Gosberton	1,349	715	1,303	(46)
Pheasant Street Holbeach	811	769	794	(17)
Primus Close Moulton Chapel	392	3	3	(389)
Beihler Avenue Weston	2,190	1,724	2,130	(60)
Cobgate Whaplode	954	2	911	(43)
Colbeach Lane Surfleet	1,513	3	1,466	(47)
LAHF Frogmore Lane Holbeach	240	-	232	(8)
LAHF Tulip Fields Holbeach	1,073	-	998	(75)
Scheme Subject to detailed approval	487	-	-	(487)
<b>Total</b>	<b>23,897</b>	<b>8,147</b>	<b>19,707</b>	<b>(4,190)</b>

Table 8	Revised Budget 23/24 £000	Actual December 2023 £'000	Forecast Outturn 2023/24 £'000	Variance (under)/over £'000
Capital Receipts	(1,238)	-	(1,238)	-
Grants and Contributions	(1,973)	(89)	(1,914)	59
Major Repairs Reserve	(5,024)	(2,978)	(5,132)	(108)
Direct Revenue Financing	(15,662)	(838)	(1,423)	14,239
External Borrowing	-	-	(10,000)	(10,000)
<b>Total</b>	<b>(23,897)</b>	<b>(3,905)</b>	<b>(19,707)</b>	<b>(4,190)</b>

Table 9 indicates the forecast capital resources for the HRA available to the Council at the end of 2023/24. The estimated position for the following two years is also provided.

<b>Table 9 – Capital Resources HRA</b>			
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Resources* available at start of each year	34,428	34,335	24,338
Capital Investment (estimate in future years)	(19,707)	(18,632)	(8,451)
Revenue Funding		(500)	
Additional Sources of Finance			-
- New Capital Receipts (estimate in future years)	1,851	1,264	721
- Funding from other reserves and internal borrowing	10,000	-	-
- Major Repairs Reserve	4,251	5,039	5,073
- HRA Working Balance	1,598	639	762
- Grants	1,914	2,193	
- Transfer from Capital Reserve to support ongoing projects			
<b>Estimated Capital Resources* at end of each year</b>	<b>34,335</b>	<b>24,338</b>	<b>22,443</b>

\* Capital Reserve and Capital Receipts

### **Right To Buy Receipts**

Receipts from Right to Buy sales can be used for funding new house purchases within the HRA, but there is a time limit for these receipts to be used on new builds or acquisitions, or the money is payable to DLUHC. This limit was increased from 3 to 5 years in March 2021 and is calculated on an annual basis. There was no payback risk for SHDC at 31<sup>st</sup> March 2023. The next review point will be 31<sup>st</sup> March 2024, but the 2023/24 capital programme will clear any risk of repayment. During Quarter 3, there have been three Right to Buy sales, compared to three in Q2 and four in Q1.

## Section 2.5 – Treasury Management

### Investments at 31st December 2023

During the financial year, the Council has made investments in line with the agreed Treasury Management Strategy.

Detailed below are the investments held by the Council as at 31 December 2023 excluding accrued interest. Note this represents the position at this one point in time. The peaks and troughs in cash flow are managed on a daily basis. Because the Council collects money on behalf of other organisations which are paid out at future dates (e.g. Council Tax and Business Rates) the value of investments held at any point in time does not represent the value of SHDC's own resources.

Table 10 – Cash Investments as at 31 December 2023						
Financial Institution	Country	Amount (£)	Fixed/Variable	Start Date	Maturity Date	Yield
Lloyds Current Account	UK	2,027,735	Variable	Call	N/A	5.15%
Handelsbanken Plc	Sweden	9,441	Variable	Call	N/A	4.45%
CCLA Money Market Fund	Invested Globally	3,800,000	Variable	Call	N/A	5.29%
Credit Industriel et Commercial	France	2,000,000	Fixed	12/01/23	12/01/24	4.71%
Australia New Zealand Bank	Australia	2,000,000	Fixed	08/11/23	19/02/24	5.46%
Credit Agricole	France	3,000,000	Fixed	01/03/23	27/02/24	4.82%
City of Stoke-on-Trent Council	UK	3,000,000	Fixed	11/12/23	11/03/24	5.60%
National Australia Bank	Australia	3,000,000	Fixed	27/06/23	24/05/24	6.35%
Rabobank	Netherlands	3,000,000	Fixed	02/06/23	31/05/24	5.63%
UBS	Switzerland	5,000,000	Fixed	13/07/23	12/07/24	6.69%
DNB Bank	Norway	4,000,000	Fixed	31/08/23	30/08/24	6.18%
Toronto Dominion Bank	Canada	5,000,000	Fixed	28/09/22	28/09/23	5.40%
DNB Bank	Norway	1,000,000	Fixed	06/11/23	04/11/24	5.72%
<b>TOTAL</b>		<b>36,837,176</b>				

### Welland Homes

In addition to the above loans the Council has made loans to Welland Homes, a Housing Company wholly owned by the Council, as follows:

Table 11 – Welland Homes Loans as at 31 December 2023				
Loan	Amount (£)	Start Date	Maturity Date	Yield
Green Lane & Walters Close, Spalding	408,851.00	20/03/17	17/03/47	3.50%
	389,768.37	10/05/17		
	<u>543,023.43</u>	17/05/17		
	<b>1,341,642.80</b>			
Parkside Crescent, Spalding ( <i>initially a development loan at 5.50% until completed, now 3.5%</i> )	187,675.67	29/03/18		
	18,944.78	23/05/18		
	36,844.08	19/06/18		
	28,930.75	17/07/18		
	98,247.92	24/08/18		
	114,596.66	19/09/18		
	100,010.41	23/10/18		
98,160.13	22/11/18			
	103,037.06	21/12/18		

**Table 11 – Welland Homes Loans as at 31 December 2023**

Loan	Amount (£)	Start Date	Maturity Date	Yield
Transferred to Equity	50,833.29	11/01/19		
	154,096.72	20/02/19		
	80,245.80	22/03/19		
	50,178.89	12/04/19		
	62,346.40	22/05/19		
	142,858.40	07/06/19		
	<u>21,723.09</u>	25/02/21		
	1,348,730.05			
(464,452.00)	07/05/19			
	<b>884,278.05</b>		07/05/49	3.50%
London Road, Long Sutton	<b>466,771.00</b>	12/02/19	02/10/48	3.50%
Bentley Court, Spalding	523,107.55	20/08/19		
	<u>32,440.72</u>	20/01/20		
	<b>555,548.27</b>		02/08/49	3.50%
Northon's Lane, Holbeach	461,791.15	29/03/21		
	<u>28,286.40</u>	18/11/21		
	<b>490,077.55</b>		29/03/51	3.50%
Homefields, Crowland	1,045,130.10	30/03/23		
	<u>59,207.06</u>	11/08/23		
	<b>1,104,337.16</b>		29/03/53	5.25%
Walnut Close, Sutton St James	<b>560,227.00</b>	18/10/23	25/04/53	5.25%
Homefields, Crowland (Phase 2)	<b>391,915.00</b>	30/10/23	19/10/53	5.84%
<b>TOTAL</b>	<b>5,794,796.83</b>			

Interest earned on these loans in the current financial year to 31<sup>st</sup> December 2023 is £151,131.

### **Maturity Structure of Loans**

The maturity structure of loans is as follows:

**Table 12 - Maturity Structure as at 31 December 2023 (incl. Welland Homes)**

Duration	Amount (£)	Percentage of Total
Less than one week	5,837,176	14%
Less than one month	2,000,000	5%
One to three months	8,000,000	19%
Three to six months	6,000,000	14%
Six to nine months	9,000,000	21%
Nine to twelve months	6,000,000	14%
More than twelve months	5,794,797	13%
<b>TOTAL</b>	<b>42,631,973</b>	<b>100%</b>

## Long Term Equity Investments

The following table provides details relating to the Council's equity investments which are valued at "fair value" in accordance with proper accounting practice.

<b>Table 13 – Long Term Equity Investments as at 31 December 2023</b>		
<b>Entity</b>	<b>Equity at Cost (£)</b>	<b>Equity at Fair Value 31/03/23 (£)</b>
Welland Homes	2,772,318	4,199,348
Welland Homes (*post 31/03/23 figures shown at cost)	566,603	*566,603
South Holland Local Housing Community Interest Company	100	1,163,111
UK Municipal Bond Agency	50,000	0
<b>TOTAL</b>	<b>2,822,418</b>	<b>5,929,062</b>

## Return on Investments

The Council's 2023/24 budget for investment income is £1.861m, split £1.184m GF and £677k HRA. On 31 December 2023 investment income earned was estimated to be approximately £1.821m (Q2 £946k), split £1.143m GF (Q2 £596k) and £678k HRA (Q2 £350k), which was £419k above the profiled budget (Q2 £168k) on a straight line basis split £251k GF (Q2 £101k) and £168k HRA (Q2 £67k HRA).

The average level of funds available for investment purposes to the end of December 2023 was £47.8m including the loans to Welland Homes which are classified as long-term debtors.

Treasury investments achieved an average rate of 5.184% (Q2 4.863%) compared to the benchmark average 3-month Sterling Overnight Index Average (SONIA) rate of 5.10% (Q2 4.951%).

The Welland Homes loans were issued at an average rate of 3.967% (Q2 3.885%).

The combined rate achieved on all investments is estimated to be approximately 5.056% (Q2 4.764%).

As at 31 December 2023, the outturn for investment income for 2023/24 is forecast to be £2.357m (Q2 £2.32m) split £1.481m GF (Q2 £1.459m) and £876k HRA (Q2 £861k). This is a combined total of £496k above budget compared with £459k as at Q2.

## External Borrowing

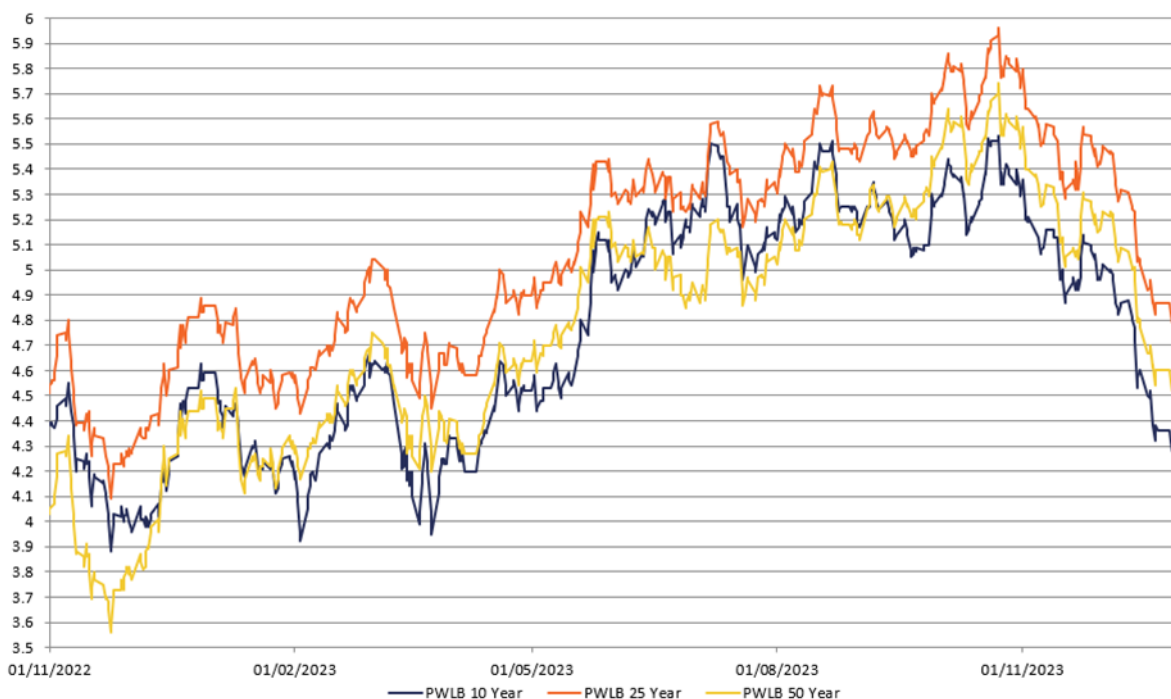
The Council has borrowings of £67.456m at a fixed rate of 3.48% in respect of the Housing Revenue Account self-financing settlement.

Interest costs for 2023/24 on this fixed rate borrowing are £2,347,469.

## Public Works Loan Board (PWLB) Borrowing Rates

During the financial year PWLB borrowing rates had been on a gradual rising trend due to stubborn inflation levels and expectations for further base rate rises. These rates stabilised during June and July 2023 when inflation levels slowly started falling but have increased again during September and October 2023 due to concerns over the US economy. These concerns have now abated and with the market expectation that base rates are likely to fall the PWLB rates have seen a sharp fall in November and December.

The 50 year PWLB certainty rate was 4.68% as at 31 December 2023 (Q2 5.14%).



## Summary

The Bank of England Base Rate has increased from 4.25% to 5.25% during the current financial year. At the last three MPC meetings there has been no change in the Base Rate level. Market expectations are that rates have now peaked and the future direction for the base rate is a gradual reduction.

At the end of December rates on new investments with financial institutions were around 0.5% lower than that offered by local authorities. Rates with local authorities ranged from 5.45% for one-month deposits through to 5.60% for one-year deposits.

Risks prevail in the financial markets and are subject to a continued high level of scrutiny with any significant issues arising being reported to the Council's Governance and Audit Committee. Changes to credit ratings of financial institutions are monitored daily and where required reported to the Section 151 Officer for an agreed course of action to be taken.

## Section 2.6 – Debt Collection

A review of debts is undertaken every month, and monitoring is reported against targets. In line with the financial procedure limits debts below £1,050 require sign off by the Chief Finance Officer with all debts for this amount or over requiring Cabinet approval.

An analysis of the sundry debts the Council held as at 31 December 2023 is show in **Table 15**.

Table 15 – Sundry Debt Analysis							
0-30 days	31-60 days	61-90 days	91-120 days	121-183 days	184-365 days	Over 365 days	Total
£	£	£	£	£	£	£	£
144,704	61,715	21,551	78,532	18,761	239,574	225,367	790,204

Note: This does not include details of invoice amounts (£4,762) that are not yet due

## Section 2.7 – Council Tax and Business Rates

There is uncertainty over the ongoing impact on collection and recovery as a result of the knock-on effect of the pandemic, and now the cost of living and energy cost crises. In recognition, we continue to remain prudent in setting the bad debt provision in this area.

A programme of statutory recovery activity is in place throughout the year.

### Council Tax Support Scheme (CTS)

Following the statutory annual review during 2022/23, the 2023/24 scheme remains unchanged from the previous year, allowing for national up-ratings.

### Council Tax – Quarter 3 In-Year Collection

The annual collectable debit at 31 December 2023 was £61.8m with a net collection rate of 82.67% (83.07% at 31 December 2022).

### Business Rates – Quarter 3 In-Year Collection

The annual collectable debit at 31 December was £24m with a net collection rate of 81.51% (81.62% at 31 December 2022, however this is not a reliable performance comparison due to the differences between financial years, including revaluation and rate relief schemes).

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<b>REPORT TO:</b>	Cabinet
<b>DATE:</b>	Tuesday, 26 <sup>th</sup> March 2024
<b>SUBJECT:</b>	Housing Damp Condensation and Mould Policy (DC&M)
<b>PURPOSE:</b>	To adopt the Housing Damp Condensation and Mould Policy, risk assessment and to delegate minor and operational changes to the Assistant Director Housing and the Portfolio Holder for Communities and Operational Housing.
<b>KEY DECISION:</b>	No
<b>PORTFOLIO HOLDER:</b>	Councillor Tracey Carter
<b>REPORT OF:</b>	Jason King, Assistant Director- Housing
<b>REPORT AUTHOR:</b>	Chris Hale, Housing Property Services Manager
<b>WARD(S) AFFECTED:</b>	All Wards
<b>EXEMPT REPORT?</b>	No

## SUMMARY

The Damp Condensation and Mould Policy sets out the approach the Council intends to take when dealing with all reports of damp, condensation and mould from its tenants and leaseholders where the Council is responsible.

The Council has proactively responded to reports of damp condensation and mould as part of our ongoing commitment to repairs and maintenance of Council properties. The sector has recently seen an increased focus on damp condensation and mould with the Housing Ombudsman developing a spotlight report focussed on the social housing sectors response. The Regulator of Social Housing will also focus on providers arrangements for addressing damp condensation and mould during their forthcoming inspections. It is strongly encouraged that a clear policy is developed, setting out how damp condensation and mould will be managed.

Cabinet is asked to note the feedback from the Policy Development Panel on the 6 February 2024 and adopt the policy and its supporting appendix, Damp Condensation and Mould Risk Assessment tool for use in providing Housing Landlord services as registered provider of social housing.

## RECOMMENDATIONS

1. That the Cabinet adopt the Housing Damp Condensation and Mould Policy.
2. That the Cabinet adopt the Damp Condensation and Mould Risk Assessment tool.
3. That the Cabinet delegate minor operational amendments to the Assistant Director– Housing in consultation with the Portfolio Holder for Communities and Operational Housing.

## REASONS FOR RECOMMENDATIONS

To ensure the Council has a clear approach for the management and control of damp condensation and mould across the housing stock for the welfare and safety of tenants. Ensuring that the Councils housing stock remains decent and does not deteriorate through failure to address issues arising from damp condensation and mould.

The proposed policy and accompanying risk assessment were presented to the Policy Development Panel on the 6 February 2024. The Panel noted there had been a shift in the sector to ensure robust arrangements were in place to effectively manage and control damp condensation and mould. The panel noted that pathways for reporting issues should be centrally triaged to ensure an appropriate response.

It was widely noted that several property factors could be contributing towards damp condensation and mould issues identified within Council owned properties. Therefore, it was important to ensure the Councils response is robust and consistent. Members of the panel expressed that literature on how to tackle damp condensation and mould should be widely available to new and existing tenants. The panel supported the recommendations the Cabinet are asked to approve.

## OTHER OPTIONS CONSIDERED

**Do nothing** – do not adopt the Damp Condensation and Mould Policy. This option is not recommended – it is good practice to have a Policy in place to ensure that Officers, Members and Tenants understand the priorities and objectives and the reasoning behind them.

## 1. BACKGROUND

- 1.1 Managing over 3,700 properties, South Holland District Council is the largest Registered Provider in the district. Expectations on Registered Providers are changing, with a focus on property condition, tenant experience and accountability. Registered Providers face the challenge of ensuring they get the basics right whilst contributing to the wellbeing of tenants and communities. Balanced with an increase in oversight and scrutiny from the media, the Housing Ombudsman and the Regulator of Social Housing.
- 1.2 Following the death of Awaab Ishak Damp Condensation and Mould has become the forefront of the press and this has raised the awareness of people across the country. This has led to a substantial increase in the reporting of mould in our properties alongside the wider housing sector which needs to be fully investigated and resolved as quickly as possible. The Housing Ombudsman's spotlight report on damp condensation and mould

sets out a clear policy expectation. It is considered that existing policies covering tenancy and property management do not go into sufficient detail to meet this expectation.

- 1.3 This Policy covers areas of service delivery related to landlord functions and how the Council shapes, engages, and improves services for tenants who are suffering from damp condensation and mould.

## **2. REPORT**

- 2.1 The Policy shows how the Council will assess all reports of damp condensation and mould, using a triage tool for each case to determine the extent of the issue and a suitable survey and remedy. Property attributes and the vulnerability of the tenants are considered as part of this approach.
- 2.2 Changing legislation, best practice and findings from self-assessments have supported the drafting of the Policy.
- 2.3 A series of key performance indicators will be established to record the progress of the Policy including time to initial visit, repair requirements, inspection outcomes and repair times.
- 2.4 The proposed policy and accompanying risk assessment were presented to the Policy Development Panel on the 6 February 2024. The Panel noted there had been a shift in the sector to ensure robust arrangements were in place to effectively manage and control damp condensation and mould. The panel noted that pathways for reporting issues should be centrally triaged to ensure an appropriate response.
- 2.5 It was widely noted that several property factors could be contributing towards damp condensation and mould issues identified within Council owned properties. Therefore, it was important to ensure the Councils response is robust and consistent. Members of the panel expressed that literature on how to tackle damp condensation and mould should be widely available to new and existing tenants. The panel supported the recommendations the Cabinet are asked to approve.

## **3. CONCLUSION**

- 3.1 The Policy will provide transparency on the Councils approach to damp condensation and mould. Setting out a clear approach as to how initial reports are triaged together with managing cases and repairs. Data will also be captured to ensure the Council can analyse issues within its stock and for long term investment programmes.

## **4. EXPECTED BENEFITS TO THE PARTNERSHIP**

- 4.1 None.

## **5. IMPLICATIONS**

- 5.1 **SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP**

5.1.1 The policy will support a partner Council against potential fines from the ombudsman or regulator, ensuring that the housing stock remains in good condition by proactively managing issues related to damp condensation and mould within the properties it owns.

## **5.2 CORPORATE PRIORITIES**

5.2.1 The Policy will support the following South & East Lincolnshire Councils Partnership Sub-Regional Strategy priorities:

- Healthy Lives – removing all the causes of damp condensation and mould from our housing stock will lead to the better health of our tenants and everyone that stays or visits the properties.
- Environment – by ensuring that our properties are watertight and have good natural and mechanical ventilation and by ensuring the heating systems are working to the most efficient that they can we will help to cut the energy use in use in these properties.
- Efficiency and Effectiveness – using the latest affordable technology in heating and ventilation we will improve the efficiency of our housing stock.

## **5.3 STAFFING**

5.3.1 Contractors will support the current level of staffing, as required, to carry out the initial surveys as damp and mould reports come into the Council. We also have in place a contractor who will work of a tendered schedule of rates to carry out the repairs that cannot be completed by the repairs team.

## **5.4 WORKFORCE CAPACITY IMPLICATIONS**

5.4.1 The Property Services Team will manage demand generated by this policy together with specialist contractors which have been procured to support the Councils response to damp condensation and mould.

## **5.5 CONSTITUTIONAL AND LEGAL IMPLICATIONS**

5.5.1 It is proposed that approval of minor changes to the Policy are delegated to the Assistant Director Housing in consultation with the Portfolio Holder for Communities and Operational Housing. It is considered necessary for this arrangement to be in place due to the changing environment.

## **5.6 DATA PROTECTION**

5.6.1 None.

## **5.7 FINANCIAL**

5.7.1 There are no immediate financial implications resulting from the adoption of this policy. Repairs budgets to deal with reports of damp condensation and mould have been reviewed to take account of demand driven by the increased media profile of damp condensation and mould.

## **5.8 RISK MANAGEMENT**

5.8.1 This policy will assist the team in reducing/removing the risk of future complaints, disrepair claims and housing ombudsman prosecution for damp condensation and mould complaints.

## **5.9 STAKEHOLDER / CONSULTATION / TIMESCALES**

5.9.1 We have consulted the following:

- All Housing managers and the Damp Condensation and Mould working group.
- Portfolio Holder - Communities and Operational Housing.

## 5.10 REPUTATION

5.10.1 This policy will assist the team in reducing/removing the risk of future complaints, disrepair claims and housing ombudsman prosecution for damp condensation and mould complaints.

## 5.11 CONTRACTS

5.11.1 This policy will support existing contracts for surveying and repairs with specialist damp condensation and mould contractors.

## 5.12 CRIME AND DISORDER

5.12.1 None.

## 5.13 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

5.13.1 The Council promotes equal opportunities and aims to implement and maintain services that ensure no applicant is treated unfairly on the grounds of age, gender identity, marital status, pregnancy or maternity, sexual orientation, race, religious belief or disability or disadvantaged by the application of criteria that has a direct or indirect discriminatory effect that cannot be justified by law.

## 5.14 HEALTH AND WELL BEING

5.14.1 Assisting tenants to ensure they live in homes free of damp condensation and mould will positively contribute to their health and wellbeing.

## 5.15 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.15.1 None.

## 5.16 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

5.16.1 None.

## 6. ACRONYMS

6.1 DC&M- damp condensation and mould.

### APPENDICES

Appendices are listed below and attached to the back of the report: -

APPENDIX A	Damp Condensation and Mould Policy.
APPENDIX B	Damp Condensation and Mould Risk Assessment.

### BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
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Housing Ombudsman service- Spotlight on Damp and Mould.	<a href="https://housing-ombudsman.org.uk">Housing Ombudsman Spotlight report on damp and mould (housing-ombudsman.org.uk)</a>
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<b>CHRONOLOGICAL HISTORY OF THIS REPORT</b>
Considered by the Policy Development Panel on the 6 February 2024.

<b>REPORT APPROVAL</b>	
Report author:	Chris Hale, Housing Property Services Manager Chris.Hale@sholland.gov.uk
Signed off by:	Assistant Director- Housing jasonking@sholland.gov.uk
Approved for publication:	Jason King, Assistant Director- Housing

## **Damp, Condensation and Mould Policy**

### **Introduction**

The purpose of this document is to set out the Council's approach to addressing the risks of damp, condensation or mould (DCM) within our properties and communal areas and how we will respond to reports of DCM from our tenants, staff, agencies or by any other means.

We will:

- Manage our homes and train our staff to ensure that we proactively identify and react to instances of damp, condensation or mould. We have procured a specialist contractors service to assist with surveys and repairs.
- Risk assess our assets and the potential impact of works on our customers, especially where vulnerabilities are present. See risk assessment sheet at appendix A.
- Respond, inspect and report on all cases of DCM brought to our attention and use intelligence to identify property types at risk.
- Treat tenants reporting DCM with empathy and respect, without any prejudgement and communicate with tenants clearly and regularly regarding any actions we plan to take and any actions our tenants are advised to take.
- Undertake effective investigations by suitably qualified contractors and implement all reasonable remedial repair solutions and improvements to eradicate damp and mould, including controlling condensation
- Ensure that customers have access to and/or are provided with comprehensive support, advice and guidance on managing and controlling DCM and reduce the risk of it re-occurring
- Be supportive and responsive to customer vulnerabilities to ensure all customer needs are considered, addressed and solutions are agreed with customers
- Comply with statutory requirements and good practice relating to DCM
- To protect the fabric of the property from deterioration and damage resulting from DCM

Our staff and contractors will work together with our tenants to deliver this policy.

### **Legal and Legislation Requirements**

The policy is aligned with the Consumer Standards proposed by the Regulator of Social Housing, specifically: - Safety and Quality Standard, registered providers shall: ensure that customers' homes meet the standard set out in section five of the Governments Decent Homes Guidance and continue to maintain their homes to at least this standard.

The policy is also aligned to the follow legislation:

Housing Act 2004 Part 1 – Housing Condition

Housing Act 2004 - Housing Health and Safety Rating System (HHSRS)

Decent Homes Standard

The Homes (Fitness for Human Habitation) Act 2018

### **Policy Scope**

This policy explains how we will respond, inspect and report on DCM, including but not limited to:

Who the policy applies to:

- Tenants who rent their home under a tenancy agreement.
- Customers in alternative tenure where SHDC has a repairing obligation.
- All property communal areas.
- Emergency or temporary accommodation.

How we will work with our tenants, staff and contractors to manage and eradicate DCM. This includes:

- Proactively identifying property types at highest risk of DCM so that we can undertake proactive measures to eliminate DCM before it becomes a problem for our customers.
- Interrogating data and reports of DCM to understand trends and investigate those similar property types where no reports have been received.
- Risk assessing the tenants vulnerabilities and needs, implementing reasonable adjustments within our process to support them
- Risk assessing the severity of the DCM along with the tenant vulnerabilities to identify acceptable reaction times.
- Identifying the types of DCM and remedies to eradicate these.
- Delivering clear lines of communication and plans to tenants to remedy any issues
- Follow up each completed DCM repair work being carried out within six months completion to check there are no issues.

## **Definitions of Damp, Condensation and Mould**

### *Rising Damp*

The movement of moisture from the ground rising through the structure of the building through capillary action.

### *Penetrating Damp (including internal leaks)*

Water penetrating the external structure of the building or internal leaks causing damp, rot and damage to internal surfaces and structure.

### *Condensation Damp*

Condensation occurs when moisture held in warm air comes into contact with a cold surface and then condenses producing water droplets.

The conditions that may increase the risk of condensation are:

- Lack of ventilation within the property
- Inadequate heating or draught proofing
- Inadequate loft insulation.
- High humidity
- Overcrowding
- Poor building design construction, cold areas (bridging) which are integral with the building construction.
- Moisture from the construction stage in new build properties.

### *Mould*

Is a natural organic compound that develops in damp conditions and will only grow on damp surfaces. It is often noticeable and present in situations where condensation damp is present.

### **Scale and Scope of DCM**

All homes are affected by condensation at some point, however certain activities can increase the problem and good practices can eliminate this from becoming a bigger problem.

It is also important to recognise that DCM presents different risks to different customers, with more severe cases of damp and mould especially in living areas presenting more of a risk.

Minor instances of mould, such as around window frames and in silicone is a lower risk than mould appearing on ceilings, walls and soft furnishings.

To respond appropriately and effectively with all reports the severity of the DCM needs to be established, as quickly as possible. This is done using the risk assessment tool at appendix A which includes detailing any vulnerabilities of the occupants of the household.

### **Vulnerability Factors – Centre for Disease Control and Prevention**

Those who are most vulnerable to the effects of instances of DCM are those:

- Who suffer or are susceptible to allergies.
- With immune suppression diseases – (eg cancer, HIV)
- With underlying lung disease
- With chronic respiratory disease – (e.g. COPD, Asbestosis)
- With asthma
- Young children – under the age of 5
- Older people – over the age of 70
- Pregnant women

Those who may need additional help and support when experiencing DCM are those:

- Who are living with mental illness conditions, especially autism, asperger's, dementia, psychosis.
- Older people who are not able to respond to some of the recommendations.
- Those with disabilities such as sight impairments or physical disabilities that could restrict any cleaning required.

### **Response**

The Council initially assesses DCM under the following categories: **Emergency, Urgent** and **Routine**, and requires a specific response for each. All reports of damp and mould will be assessed using our risk assessment tool and categorised into response time frames within 2 working days of any DCM report being made.

If the risk assessment tool indicates an emergency response is required a physical inspection will be carried out within 24 hours to establish the extent of the DCM.

<p>Emergency 4</p>	<p><b>Response:</b> Emergency visit for physical inspection within 24 hours to follow up initial telephone triage. Remedial actions to be agreed including timescales with the tenant. An assessment for alternative accommodation will be carried out and agreed with the tenant if deemed necessary.</p> <p><b>Description:</b> Extensive damp and mould in multiple living areas, highly vulnerable residents, very young or elderly with chronic health and/or vulnerability factors.</p>
<p>Urgent 3</p>	<p><b>Response:</b> Urgent response for physical inspection within three working days.</p> <p><b>Description:</b> multiple areas of extensive damp and/or mould growth in main living areas of bedrooms, living rooms, bathroom mould growth, and/or dampness highly visible on surfaces, levels of vulnerability present, young or elderly residents with known vulnerabilities that exacerbate risk.</p>
<p>Routine 2</p>	<p><b>Response:</b> Routine response for physical inspection within five working days.</p> <p><b>Description:</b> multiple areas of damp isolated by area and location (e.g., under stair cupboard i.e., non-habitable space.) Customer risk factor such as very young or elderly with no specific vulnerabilities may exist.</p>
<p>Monitor 1</p>	<p><b>Response:</b> Property Services Team to monitor and maintain contact until such time that it is mutually agreed for the case to be closed. There must be a reason given for ALL closures.</p> <p><b>Description:</b> All cases where initial remedial actions are considered complete. No case will be closed without a valid reason for the closure being given.</p>

### Works Assigned to Contractors.

#### Inspections

Where surveys are assigned to a contractor, the Property Services team will ensure that physical inspections are carried out within the contracted timescales.

#### Reports

All reports are to be returned by the contractor to the Property Services team within 3 working days of the appointment date.

## **Remedials**

All remedial works assigned to a contractor will be monitored by the Property Services team.

### **Completion of repairs (KPI)**

Repairs for all works required would be to be completed within 56 days of the works being authorised except for extensive repairs where the works will be agreed.

## **Monitoring Our Performance**

All reports of damp and mould will be logged at an individual property level.

Each month the Housing Property Services manager will report to the Housing Landlord Board on:

- The number of reports received.
- The number of cases by classification
- The number of physical inspections carried out.
- The number of remedial actions raised.
- The number of cases where advice was given.
- The number of cases where closure was agreed with the tenant.

Each quarter the Housing Property Services Manager will report to the Housing Landlord Board on:

- The number of physical inspections assigned to a Contractor.
- The number of remedial actions assigned to a Contractor.
- Contractor KPI's including any exceptions.
- Council KPI's including any exceptions.
- The number of property types under investigation
- Level of satisfaction with the service at case closure
- Outcomes by exception e.g. number of decants in the quarter

## **Communications Strategy**

We will maintain contact with tenants with an open case at agreed intervals. We will also work with other council departments and agencies to ensure that the tenant is kept safe and informed during any works that need to take place:

- If it is unsafe for the occupants to remain in the property while the works are carried out, alternative accommodation arrangements will be made. This may be on a day-by-day basis or a temporary decant to an alternative property. The customer will be supported through this process to find suitable accommodation.
- In some cases it may be necessary to re-house a family on a permanent basis if a medical professional advises that re-housing is the most suitable option. This will be considered in accordance with SHDC Allocations Policy and local arrangements.
- Where a tenant has been assessed as having vulnerability factors that could affect how they react to damp and mould the Property Services team will work with the tenant to ensure that the tenant gets all the help and support required to eradicate the DCM.

From time to time the council may invite tenants to scrutinise performance of this policy.

## **No Access Issues**

Where DCM has been identified either by a tenant or by SHDC or a property has been assessed as high risk through SHDC data insight, tenants will be required to allow access for inspections and for the carrying out of remedial works (in accordance with their tenancy agreement).

SHDC do consider this to be a health and safety concern for tenants and will consider alternative methods of gaining access, such as seeking an injunction.

All properties identified as hard to access or refusal of access will be managed through SHDC standard “hard to access” process.

## **Tenants Responsibilities**

It is the tenant’s responsibility to immediately report any evidence of rising and penetrating damp (see definitions on page 2 of this document) and faulty equipment that will affect the management of humidity and moisture in the home (faulty extractor fan, unable to open windows, heating system failure etc).

Where specialist equipment has been installed by SHDC to help control any issues with DCM, the tenants must not tamper or interfere with the equipment that will prevent it from working efficiently.

Tenants must allow access for inspections and for the carrying out of all remedial works.

Where tenants are considering making any changes within their home for example, converting rooms into one room, adding extensions, converting non–habitable buildings/spaces into habitable, they must seek advice and permission from us in accordance with their tenancy agreement to ensure that the proposed alteration would not contribute to the accumulation of DCM, as well as ensuring alterations comply with building control and planning guidelines.

## **Guidance to Tenants**

We will offer the following advice and information to all tenants via our website, leaflets and social media to help them reduce the conditions that lead to condensation dampness:

- Keeping the presence of moisture to a minimum e.g., covering pans when cooking, drying laundry outside (where possible), where it is safe to do so, keeping the kitchen or bathroom door closed when cooking or bathing.
- Adequately heating rooms – The World Health Organisation recommends 18°C. Any tenant who is experiencing fuel poverty or debt related problems will be referred to our Cost of Living Response Officers (COLRO) to help support them with these issues
- Keeping the house well-ventilated e.g., opening windows during cooking/bathing, turning on and ensuring that the extractor fan or ventilation system installed in their home is regularly cleaned and working, keeping trickle vents in windows open and allowing air to circulate around furniture.
- Following all advice and guidance issued by us on managing humidity and moisture in the home which can lead to condensation. This information can also be found on the SHDC website.

If all reasonable efforts have been made to manage and control the presence of condensation and mould and there is still an issue then the tenant should contact SHDC immediately to report the problem.

The tenancy agreement, licenses and long leases recommends that the tenant arranges adequate household contents insurance for the home that they occupy.

### **Complaints**

If a tenant is not satisfied by the way in which our approach to DCM has been dealt with, or in the way in which the work has been carried out, a formal complaint may be raised in line with our Complaints Policy.

### **Monitoring**

SHDC will use a range of mechanisms to monitor and scrutinise performance, these could include the following:

- Reviewing Tenant feedback and identify areas for service improvement on a continuous basis in order to improve performance and to prioritise our work.
- We will ensure our Housing Landlord Board are provided with updates on the delivery of this policy on a quarterly basis and invite them to scrutinise performance.
- Inviting Tenants to scrutinise the performance of this policy.

### **Review**

The Policy will be reviewed every three years and also in response to:

- Legislative Changes
- Regulatory Changes
- Government strategy or policy changes

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## Damp, Condensation and Mould Risk Assessment

<b>TENANT NAME:</b>	
<b>TENANT ADDRESS:</b>	
<b>TENANT CONTACT NO:</b>	
<b>TRIAGE DATE:</b>	
<b>Property type - for information</b>	
· Semi-Detached House	
· Bungalow	
· Flat - Sheltered Scheme	
· Flat	
<b>Number of bedrooms - for information</b>	
· None	
· One	
· Two	
· Three or more	
<b>DAMP, CONDENSATION and MOULD - Details</b>	
<b>Which rooms have been affected by the DCM?</b>	
Bathroom Only	
Kitchen Only	
Habitable Rooms (Bedroom/Living Room)	
Kitchen, Bathroom and habitable rooms	
All rooms	
<b>Size and location of DCM</b>	
Around the tiles and or grouting in kitchen OR bathroom, or other non habitable spaces (cupboards, wardrobes)	
Around the window frames and or sills in one room, or other non habitable spaces (cupboards, wardrobes)	
Around the tiles and or grouting in kitchen AND bathroom	
Around the window frames and or sills in more than 1 room	
One wall or ceiling in kitchen / bathroom	
One wall or ceiling in living room	
More than one wall or ceiling in reception rooms	
One wall or ceiling in bedroom	
More than one wall or ceiling in bedroom	
Multiple rooms - wall ceilings and floor	
<b>What is the scale of the DCM?</b>	
<b>Describe the issues you have:</b>	
<b>VUNERABILITIES - Details</b>	
<b>How many people are living in the property? - for information</b>	
· one	
· Two	
· Three	
· Four or more	
<b>What are the ages of those living in the property?</b>	
Is anyone living in the property under the age of 5	
Is anyone living in the property over the age of 75	
Is anyone living in the property pregnant	
Is anyone living in the property between 6 and 16	
Is anyone living in the property between 65 and 74	
Household all aged between 17 and 64	
<b>Does anyone in the property have any medical conditions - please list then score appropriately</b>	
· Asthma	
· Immune Suppression diseases - cancer, HIV	
· An Underlying lung disease	
· Chronic respiratory disease – (e.g. COPD, Asbestosis)	
Any medical condition such as heart problems, stroke	
Minor medical conditions	
No medical conditions	
<b>Does anyone in the property have any support needs - ask and score appropriately</b>	
Living with mental illness conditions, especially autism, Asperger's, dementia, psychosis	
Older people who are not able to respond to some of the recommendations	

Those with disabilities such as sight impairments, physical disabilities that could restrict any cleaning required	
No support needs	
Score mainly reds on vulnerability and the DCM is present in more than one room OR DCM present in large mass in one habitable room - <b>EMERGENCY</b>	
Score mainly reds/orange in vulnerability, but DCM in only one room OR score yellows and greens on vulnerability but DCM in multiple rooms - <b>URGENT</b>	
Score mainly yellows and greens in vulnerability and DCM in only one room OR score red in vulnerability but DCM limited to non-habitable space ie under cupboards or limited bathroom / kitchen windows - <b>ROUTINE</b>	
Score low on vulnerability DCM only present on tiles, grouting and window frames- <b>MONITOR</b>	
Tenants assessed as scoring:	
Outcome	
Contractor passed information and timescales to inspect on: DATE	
Tenant informed of what happens next on: DATE	
Tenant informed by:	Phone
	Letter
	in person

<b>Number / Type of pets</b> - score 1 if one small pet in property, score 2 if one medium/large pet, score 3 if two pets, score 4 if 3 or more pets				
· one - small pet				
· One - medium / larger pet				
· Two - small / medium pets				
· Three or more pets				
<b>Do you open the windows each day / or have the trickle vent on?</b>				
· No - Score 1				
· Yes occasionally - score 2				
· Yes - all the time - score 3				
<b>On average how many hours is your heating on a day in the winter?</b>				
· Never - Score 1				
· Less than 2 hours a day - score 2				
· Between 2 to 5 hours - score 3				
· Most of the day - score 4				
<b>What is your heating thermostat set at</b>				
· 15 degrees or under - score 1				
· 16 to 18 degrees - score 2				
· 19 to 21 degrees - score 3				
· 22 or over - score 3				
<b>Where do you dry your clothes?</b>				
<b>Do you have extractor fans on in the bathroom</b>				
<b>Are fans working correctly</b>				
<b>Is there a musty smell in the property</b>				
· No - score 1				
· Yes occasionally - score 2				
· Yes - all the time - score 3				
<b>Are your windows / window sills wet in the morning – in how many rooms</b>				
<b>Rooms where DCM present – no and types of rooms</b>				
· bathroom / kitchen only - score 1				
· bathroom and kitchen - score 1				
· All downstairs rooms - score 2				
· One bedroom - score 2				
· More than one bedroom - score 3				
· More than one bedroom and living room - score 4				
· all rooms - score 4				
<b>Where is the damp and mould present:</b>				
· bathroom / kitchen tiles and or grouting - score 1				
· window frames and or sills - score 1				
· one wall or ceiling in kitchen / bathroom - score 2				
· One wall or ceiling in living room - score 2				
· More than one wall or ceiling in downstairs rooms - score 3				
· One wall or ceiling in bedroom - score 3				
· More than one wall or ceiling in bedroom - score 4				
<b>Size of damp and Mould cover on surfaces –</b>				

· just around the tiles and or grouting - score 1				
· Just around the window frames and or sills - score 1				
· size of mobile phone / i-pad - score 2				
· size of large envelope - score 2				
· up to size of large TV - score 4				
<b>Is any furniture wet</b>				
<b>Have you had any works done on damp and mould in the last year</b>				