

Pecyn Dogfennau Cyhoeddus



Mae'r adroddiadau canlynol yn Eitemau Gwybodaeth ar gyfer y Pwyllgor Craffu Tai ac Adfywio.

- 1 Adroddiad Monitro Cyllideb yr Economi a'r Amgylchedd 2022-2023 (Cyfnod 9).
- 2 Monitro Cyllideb Cyfrif Refeniw Tai - Cyfnod 9.
- 3 Grant Cartrefi Gwag Cenedlaethol.



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

**SUBJECT: ECONOMY AND ENVIRONMENT 2022-2023 BUDGET MONITORING
REPORT (PERIOD 9)**

REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

- 1.1 To inform members of projected revenue expenditure for the Economy & Environment Directorate for the 2022-2023 financial year. Service Divisions include Regeneration & Planning Division, Infrastructure Services Division, Public Protection Division and Community & Leisure Services Division.

2. SUMMARY

- 2.1 The report summarises the most recent budget monitoring projections for 2022-2023 based on the latest available financial information. It should be noted that it is only the Planning and Regeneration service division that is within the remit of this Scrutiny Committee with other service division budgets sitting within the remit of the Environment and Sustainability Scrutiny Committee.

3. RECOMMENDATIONS

- 3.1 Housing and Regeneration Scrutiny Committee Members are requested to note the contents of this report and the detailed budget monitoring pages that follow in respect of the Regeneration & Planning Division, which is the only division that falls within the remit of this Scrutiny Committee.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Council Budget is based on the achievement of both expenditure and income targets. To ensure these are met and the Council's financial integrity is maintained Directors are required to review income and expenditure trends.

5. THE REPORT

5.1 INTRODUCTION

- 5.1.1 The report outlines the revenue budget position for each of the service Divisions that form part of the Economy & Environment Directorate based on the most current financial information available. Projected outturn figures for the financial year are compared with the budget to show the anticipated under/overspends. More detailed budget monitoring figures are shown in the appendix 1A.

5.1.2 The table 1 below summarises the present budget monitoring position, with an overall Directorate overspend of £505k, but exclusive of ring-fenced budgets is projecting an overspend of £847k. Appendix 1A provides more detail on the budget variation projection for Regeneration & Planning Division, which fall under the remit of this Scrutiny.

TABLE 1	Estimate 2022/23	Revised Estimate 2022/2023	Outturn 2022/2023	Variance 2022/2023
Regeneration & Planning Division	3,163	3,483	3,175	308
Infrastructure Division	22,059	22,853	22,589	265
Public Protection Division	8,631	9,360	9,231	129
Community & Leisure Services Division	23,496	25,304	26,511	(1,207)
Directorate General	259	204	204	0
NET DIRECTORATE	57,608	61,204	61,710	(505)
Home to School Transport - ring fenced over spend				(0)
Social Services Transport – ring fenced under spend				293
Cemeteries Task & Finish – ring fenced under spend				49
NET DIRECTORATE over spend (excluding ring fenced budgets)				(847)

5.2 REGENERATION AND PLANNING DIVISION

5.2.1 Overall, the service division presently has a projected underspend of £308k for the 2022-2023 financial year, full details are provided in Appendix 1

5.2.2 There is a small underspend in senior management support of £6k due to staff not being paid at the top of the incremental scale. This is after the agreed use of reserves for the Caerphilly Town Placemaking Programme Manager.

5.2.3 Business Support and Urban Renewal are projecting a net £29k underspend, in the main due to salary savings due to delays in filling vacant posts and a projected underspend on the Community Enterprise Fund. This is after the agreed use of reserves for the International Trade Support Officer, Levelling Up Fund reserve and a contribution to the MDP project.

5.2.4 Events are projecting a net overspend of £5k. This is primarily due to overspend on most of the events throughout the year after adjusting for the agreed use of reserves for the “Little Cheese”.

5.2.5 There is a projected £209k overspend in relation to industrial properties primarily due to shortfall in property rents of £148k linked to units being unoccupied, £69k overspend on “property” related costs such as Cleaning, Maintenance and utilities offset with some savings on NNDR, grounds maintenance and postage. The industrial and office property portfolio should generate income of £2.37million to the Council. The service is proactively seeking to ensure vacant units are let as quickly as possible by identifying businesses interested in taking up a rental.

5.2.6 Town Centre Management is projecting an underspend of £61k, due in the main to a delay in filling a vacant post offset by projected overspend on other costs at the Town Centres of £8k

5.2.7 Overall Tourism Venues are reporting combined underspend of £217k. Further details are below: -

- Tourism Venue Management support is projecting a £1k underspend.
- Llancaiach Fawr is projecting an underspend of £59k at present mainly due to reduced income levels offset by salary savings. Income levels will be closely monitored in year.
- Cwmcarn VC is projecting an underspend of £40k due in the main to better-than-expected income levels due to the scenic drive opening and salary savings due to vacant posts. At present CCBC and NRW have an agreement to split any profits for the Drive 50/50, this has been factored into the projections. This is after taking into account the use of the reserve.
- Winding House is predicting an overspend of £2k due in the main to reduction in income and additional maintenance costs offset by a one-off savings on NNDR due to a revaluation.
- Caerphilly Visitor Centre is predicting a £25k underspend due to additional staffing and commodity costs being fully offset by increased income levels.
- Blackwood Miners' Institute is projecting an underspend of £81k due in the main to salary savings due to delays in appointing staff and income projections being better than anticipated.
- Arts Development is projecting a small underspend of £12k due to reduced artistes' fees and associated costs.

- 5.2.8 Community Regeneration is projecting a net £122k underspend due to staff vacancies and associated costs after the transfer of staff to Caerphilly Cares. This is after the agreed use of reserves for the Apprentice Officer, to support the "Kick-start" project.
- 5.2.9 Children and Communities Grant (CCG), C4W and C4WPlus Additional Funding initiatives are all fully funded from grant, currently there is a projected underspend which total £402k. This has no effect on the outturns as the grant only funds the actual spend on the projects. There has been some spend, on the now approved UK Shared Prosperity Fund grant.
- 5.2.10 Planning Services Management are projecting a small overspend of £2k underspend.
- 5.2.11 Regeneration & Planning Administrative Support are projecting a £4k underspend this is due in the main to salary savings due to delays in filling vacant posts, reduced office running costs, such as photocopying, stationary, postage and Training, together with one off income. These are mainly offset by additional costs on Computer equipment and associated software.
- 5.2.12 Strategic Planning is presently projecting a small net underspend of £22k. This is due in the main to staff not being at the top of scale and a delay in filling a vacant post. This is after the agreed ringfencing of the Community Infrastructure Levy (CIL) and the agreed transfer from the LDP reserve.
- 5.2.13 Development Management is reporting overspend of £27k primarily due to reduced income levels not being offset by salary savings due to delays in filling vacant posts. Income is projected to be below budget but is very volatile and will be monitored during the year.
- 5.2.14 Building Control is reporting underspend of £87k due in the main to a small saving because of a delay in filling vacant post and income levels being better than anticipated. The income level is volatile and will be monitored during the year.
- 5.2.15 Land charge services are projecting an overspend of £1k due in the main to reduced income levels. The income level is volatile and will be monitored during the year. This takes into account the HMRC funding for the "Land Registry Automation."
- 5.2.16 GIS/Land Gazetteer support services is projecting an underspend of £2k.

5.3 Conclusion

5.3.1 Members are advised Regeneration & Planning is the only division within the Economy & Environment Directorate which is in the remit of this scrutiny committee. Overall, the Directorate provides a diverse range of front-line services to residents and businesses. The revised overall Directorate has a budget totalling £61.204m, after the agreed virements for the pay award, with a projected net overspend of £847k (1.38% of total budget). The operational managers will endeavour to ensure that service net expenditure does not exceed the budget available.

6. ASSUMPTIONS

6.1 Assumptions linked to this report were detailed in the budget report to Council on 24th February 2022.

6.2 The projected outturn position is based on actual income and expenditure details to the end of December 2022.

6.3 Forecasts have been made following discussions with Service Managers based on current information available.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 An IIA is not necessary for this Information Only Report.

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 There are no consultation responses that have not been reflected in this report.

11. STATUTORY POWER.

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations.

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Consultees

Cllr A. Whitcombe, Chair Housing and Regeneration Scrutiny Committee
Cllr P. Cook, Vice Chair Housing and Regeneration Scrutiny Committee
Christina Harry, Chief Executive
Mark S Williams, Corporate Director for Economy and Environment
Rhian Kyte, Head of Regeneration and Planning
Steve Harris, Head of Financial Services and S151 Officer

Rachel Smith, Assistant Accountant
Cllr J. Pritchard, Cabinet Member for Prosperity, Regeneration and Climate Change
Cllr P Leonard, Cabinet Member for Planning and Public Protection
Cllr C Andrews, Cabinet Member for Education and Communities

Appendices:

Appendix 1A Budget Monitoring Report - Regeneration and Planning

Background Papers:

[Council Meeting 24/02/2022: Budget Proposals 2022/2023 and Medium- Term Financial Outlook](#)

Economy and Environment Directorate	Estimate 2022/2023	Revised Estimate 2022/2023	Outturn 2022/2023	Variance 2022/2023
REGENERATION & PLANNING				
Regeneration & Planning Senior Management Support	237,523	241,515	219,049	22,466
Use of Reserves For Placeshaping Officer	(83,527)	(83,527)	(66,920)	(16,607)
Support Services				
Business Support & Urban Renewal	716,762	742,608	1,073,770	(331,162)
Use of Reserves For International Trade Support Officer	(42,818)	(42,818)	(42,724)	(94)
Agreed us of Reserves - Levelling Up Fund	0	0	(200,000)	200,000
Agreed Use of Reserves - Regen Board Funding(MDT)	0	0	(229,878)	229,878
Agreed RCCO for Capital Grants	0	0	70,000	(70,000)
Events	82,124	85,712	135,686	(49,974)
Agreed us of Reserves - Little Cheese Festival	0	0	(45,000)	45,000
Property Operations	(1,267,589)	(1,267,589)	(1,058,385)	(209,204)
Town Centre Management	290,103	305,616	244,603	61,013
Tourism Venues				
Tourism Venues Management Support	77,814	80,399	79,342	1,057
Llanciach Fawr	482,822	527,501	467,859	59,642
Winding House & Museum	165,234	170,941	173,261	(2,320)
Caerphilly Visitor Centre	67,758	82,013	56,242	25,771
Cwmcarn Visitor Centre	253,657	290,996	396,051	(105,055)
Use Of Earmarked Reserve for Tree Felling	0	0	(60,000)	60,000
Use Of Earmarked Reserve for Footbridge & Steps	0	0	(85,000)	85,000
Blackwood Miners Institute	323,462	345,016	263,736	81,280
Arts Development	160,309	168,063	156,324	11,739
Community Regeneration				
Use of Reserves for Apprentice Gateway Scheme	(42,818)	(42,818)	(45,233)	2,415
Use of Reserves for Area Forum Reserve	0	0	(15,340)	15,340
Children & Communities Grant				
Expenditure	840,256	840,256	780,011	60,245
Grant Funding	(840,256)	(840,256)	(780,011)	(60,245)
C4W Grant				
Expenditure	500,808	500,808	371,998	128,810
Grant Funding	(500,808)	(500,808)	(371,998)	(128,810)
Communities for Work Plus Additional Funding				
Expenditure	558,568	558,568	345,758	212,810
Grant Funding	(558,568)	(558,568)	(345,758)	(212,810)
UK Shared Prosperity Fund				
Community & Places	0	0	1,337,031	(1,337,031)
Local Businesses	0	0	420,000	(420,000)
People & Skills	0	0	357,629	(357,629)
Multiply	0	0	250,000	(250,000)
SPF Admin	0	0	96,071	(96,071)
Potential UKSPF Grant	0	0	(2,460,731)	2,460,731
Planning Services				
Planning Services Management	148,811	152,687	154,345	(1,658)
Regeneration & Planning Administrative Support	569,603	611,560	607,331	4,229
Strategic Planning	335,624	350,614	199,611	151,003
Transfer to Community Infrastructure Levy Ringfenced Reserve	0	0	153,606	(153,606)
Agreed Use of Reserves for LDP	0	0	(25,383)	25,383
Development Control	319,469	365,989	392,775	(26,786)
Building Control	103,468	118,978	31,855	87,123
Land Charges	16,091	20,826	21,234	(408)
GIS & Land Gazetteer	60,191	65,357	63,134	2,223
TOTAL NET BUDGET	3,162,546	3,483,281	3,175,208	308,073



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

SUBJECT: HOUSING REVENUE ACCOUNT BUDGET MONITORING – PERIOD 9

REPORT BY: CORPORATE DIRECTOR FOR SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 To inform Members of the projected position for the Housing Revenue Account (HRA) for the 2022/23 financial year, based on the income and expenditure movements of the first 9 months of the year. The HRA capital programme which is predominantly funded by the HRA is also included within this report.

2. SUMMARY

- 2.1 Members will be aware of the distinction between the HRA, which is funded by rental income received from council tenants, and General Fund Housing activities, which fall under the General Fund and are funded via Council Tax and the Revenue Support Grant (RSG). Although there is a clear separation of these funds, the majority of council tenants rent is funded from housing benefits which are derived from the taxpayers' purse and therefore value for money must always be sought.
- 2.2 The HRA budget for 2022/23 is £52.8m with its main components consisting of £18.3m of salaries, £8.4m of capital financing charges, £3.6m of building maintenance & response repairs (net of salaries), £2.7m of internal service recharges, and £14.8m of revenue contributions to fund the WHQS programme. There is also a budget of £10.6m for the PAMS (Post Asset Management Strategy) which is recharged fully to the Capital Programme and predominantly covers the maintenance of the WHQS programme, voids and remodelling works. The spend on the HRA is self-financed mainly by the rental income we collect from our Council Tenants, of which about 78% is funded by Housing Benefits. The main projected variances on the HRA are explained below.

3. RECOMMENDATIONS

- 3.1 Members are requested to note the contents of the report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Members are informed of the financial position of the Housing Revenue Account.

5. THE REPORT

5.1 Introduction

- 5.1.1 The HRA has a projected underspend of £8.75m for the end of 2022/23 financial year, which represents about 16% of the total HRA budget. This is based on the income and expenditure patterns for the first 9 months of the year together with knowledge of the service from the respective managers. The surplus is split between general revenue underspends and capital related underspends. The main variances are summarised below, and full financial details are provided in Appendix 1.

5.2 Salaries & Mileage (£636k under spend)

- 5.2.1 Salaries and associated costs within the HRA are currently expected to underspend by some £636k which represents about 3.5% of the salary budget. There are some offsetting over and under spends in this area given the volume of staff which includes sickness cover, requests for reduced hours and timing for filling vacant posts. There has also been difficulty in backfilling vacant posts in particular within the Housing Repairs service where more competitive rates are being offered in the private sector and Registered Social Landlord providers. The projections also now include the recently agreed pay award.

5.3 Non-Pay Related (£432k under spend)

- 5.3.1 This includes an overspend of £53k associated with office related costs where although there has been savings in areas such as stationery, photocopying and postage, mainly as a result of offices not being occupied fully due to Covid-19 restrictions, there have been additional costs in respect of the new IT system which is ongoing and also the transition towards the new Renting Homes Wales Act implemented on the 1st December 2022, which has been offset.
- 5.3.2 £379k underspend is attributable to budgets that are service specific such as Tenant Participation, Strategy and Development. Some costs however have increased such as Council Tax charges on void properties and energy costs which are currently being offset. There is also an under recovery of leaseholder fee income due to a review on the way the fee is currently constructed.

5.4 Building Maintenance & Response Repairs (£1.2m overspend)

- 5.4.1 This area is currently projecting an overspend of some £1.2m. There are overspends within the cyclical and statutory works of £223k which includes increased servicing requirements for gas and electrical testing and an increase in contracts to cover the high inflationary increase on materials, there is an offset of these underspends against the General Projects budget which is projecting an underspend of some 357k which includes the Non DLO budget, asbestos surveys and the contingency budget. Expenditure on the Housing Response Operations (HRO) budget is anticipating a £1.3m overspend overall which includes salaries and non-pay savings identified in 5.2 & 5.3 above. There is currently an increased spend on sub-contractors as Contractors have recently been awarded a significant increase on the prices originally submitted as a result of Covid recovery, and material costs are rising as inflation continues to increase. Spend is also

increasing to account for the backlog of repairs that the team were unable to complete during the pandemic, although resource issues have delayed progress. Due to resource issues within the PAMS team, more work has been focussed in the response area. Members will be aware of our Single Source Supplier arrangement that is due to end in a years' time which could impact the cost of materials in the future.

- 5.4.2 A budget of £10.6m has been allocated for the In-House team who support the capital programme. The work involved includes the maintenance of the WHQS programme through the PAMS programme, sheltered remodelling and some void works. There is a nil cost to the HRA because the cost is fully recharged to the capital programme. However, there is a predicted underspend of £2.4m due to resource issues and therefore being unable to progress with delivery. Some of the workforce have been diverted to the Housing Response Team as noted in 5.4.1 above. Underspends are retained within the HRA and carried forward for future capital works.

5.5 **Capital Financing Requirement (CFR) (£105k underspend)**

- 5.5.1 Borrowing levels forecasted in the 2022/23 Business Plan have not changed at this stage, and no borrowing is anticipated for this financial year. However, there has been a projected underspend on the interest charge. Whilst an increase in interest rates was expected it seems PWLB will peak next year and then steadily reduce. As the interest rate is based on a consolidated rate of interest across the whole Councils borrowing portfolio, this is likely to be absorbed. Furthermore, a lower interest rate has been applied for short term internal borrowing reducing the overall charge.
- 5.5.2 The borrowing cap of £90m was agreed by Full Council on July 19th, 2022, to accommodate anticipated borrowing in 2023/24 and 2024/25 to fund commitments for increasing housing supply. Work has just been completed on the 2023/2024 Business Plan which has reprofiled the borrowing requirement based on the Business Plan outputs using the rent increase of 6.5% and projected increased costs due to the high inflation rate. This report will be presented to Scrutiny members on the 27th February 2023, and then Cabinet on the 8th March 2023. The report is likely to recommend an increase on the borrowing cap to cover the borrowing requirements within the updated plan which will need to be approved by Full Council.

5.6 **Bad Debt Provision (£348k under spend)**

- 5.6.1 The level of bad debt provision was set at a higher level this year with the expectation the arrears will increase. However, even though arrears are increasing, (as a result of not actively pursuing evictions, and offering more focused tenant support) the new bad debt calculation method that was recently adopted is more favourable than the previous method and has resulted in less provision being required. In addition, debt relief orders have not been pursued due to resource issues.

5.7 **Income (£120k variance)**

- 5.7.1 Variations represent about 0.2% of the total income budget and is mainly as a result of a projected reduction on void loss.

5.8 **Revenue Contributions to Capital Outlay (RCCO) (£8.3m underspend)**

- 5.8.1 The HRA allows for some £14.8m of revenue contributions towards finalising and maintaining the WHQS programme.
- 5.8.2 The HRA RCCO allocation will fund the capital spend this year in addition to the £7.3m

Major Repairs Allowance (MRA) from Welsh Government. The MRA allowance will need to be utilised first as this funding does not carry over into financial years.

- 5.8.3 Total capital spend to period 9 is £9.4m which is predominantly large-scale void work, but work is also progressing on the new build projects. There has been a delay in awarding contracts for the PAMS programme due to resource issues meaning spend is relatively low. Some contracts are now likely to progress into next two financial years if resources are not increased. The initial capital budget of 27.9m will be reprofiled but at this stage it is estimated that the RCCO will not be fully utilised by some £8.3m, although this could be higher as other expected contracts are not awarded or are delayed throughout the rest of the year.
- 5.8.4 The part funded Innovative Housing Programme pilot sites in Trecenydd and Trethomas are complete. The Caerphilly Homes development programme will now concentrate on bringing forward the Ty Darran and former Oakdale Comprehensive School sites. The site investigation and enabling works at the proposed 46 unit later living scheme at Ty Darran, Risca started in January as planned. The enabling and preparatory works will begin at the former Oakdale Comprehensive School site will commence Summer 2023 with construction starting before the end of the calendar year. Both schemes will be part funded by Social Housing Grant with the exact grant rate to be determined by the Welsh Government's Standard Viability Model. Acquisition funding has already been secured for both schemes.
- 5.8.5 A report was presented to Cabinet on the 2nd November which sought approval to bring forward a further 5 potential development sites in order to meet the Cabinet ambition of delivering 400 new affordable homes by 2025. The first site in the portfolio to be brought forward will be the former Aldi site in Rhymney where Caerphilly Homes are seeking to deliver a mixed tenure development. It is anticipated that Cabinet will receive a report in the Spring to consider the appropriation of the site into the HRA.

5.9 HRA Working Balances

- 5.9.1 Working balances at the start of 2022/23 financial year were £21.5m. The majority of this is derived from underspends in previous years and was anticipated to be used to contribute towards the capital programme this year. However due to the delay with progressing with the PAMS programme mentioned above, these balances, together with the accumulated surpluses this year, will be retained and earmarked towards funding the 2023/2024 capital programme, and beyond where appropriate. Future earmarks from these balances include contributions towards the Transitional Accommodation Capital Programme (TACP) of £4.4m. A further £1.2m will be needed to support the works at Bryn Carno which is part funded by WG.

6. ASSUMPTIONS

- 6.1 The projected outturn position is based on actual income and expenditure details for the first nine months in the 2022/23 financial year.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 This report is for information only, so an IIA is not required.

8. FINANCIAL IMPLICATIONS

8.1 As detailed throughout the report.

9. PERSONNEL IMPLICATIONS

9.1 There are no direct personnel implications arising from this report.

10. CONSULTATIONS

10.1 There are no consultation responses that have not been reflected in this report.

11. STATUTORY POWER

11.1 Local Government Acts 1972 and 2003 and the Council's Financial Regulations

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Consultees:

Cllr Andrew Whitcombe	- Chair Housing and Regeneration Scrutiny Committee
Cllr Patricia Cook	- Vice Chair Housing and Regeneration Scrutiny Committee
Cllr Shayne Cook	- Cabinet Member for Housing
Dave Street	- Corporate Director Social Services and Housing
Nick Taylor-Williams	- Head of Housing
Stephen R Harris	- Head of Corporate Finance and S151 Officer
Fiona Wilkins	- Housing Services Manager
Jane Roberts-Waite	- Strategic Co-ordination Manager
Alan Edmunds	- WHQS Project Manager
Jason Fellows	- HRO Manager
Kerry Denman	- Housing Solutions Manager
Rhian Williams	- Group Accountant (Treasury and Capital)

Appendices: Appendix 1 HRA Financial Plan 2022/23 period 9

Appendix 1

Housing	Estimate	Projected	Variance
	2022/23	Outturn	2022/23
	£	2022/23	£
<u>HOUSING REVENUE ACCOUNT</u>			
<u>SUMMARY</u>			
GENERAL MANAGEMENT	2,306,532	1,745,544	560,988
CAPITAL FINANCING	8,391,786	8,286,551	105,135
CENTRAL RECHARGES	2,544,249	2,603,085	-58,836
STRATEGY AND DEVELOPMENT	2,769,588	2,150,364	619,224
PUBLIC SECTOR HOUSING	6,644,206	6,434,707	209,499
SUPPORTED HOUSING	-	-	-
BUILDING MAINTENANCE SERVICES	30,170,884	22,977,265	7,193,619
GROSS EXPENDITURE	52,827,245	44,197,617	8,629,628
INCOME	(52,827,245)	(52,947,553)	120,308
(SURPLUS)/DEFICIT CONTRIBUTION (TO)/FROM WORKING BALANCES	-	(8,749,936)	8,749,936
<u>HOUSING REVENUE ACCOUNT</u>			
	£	£	£
<u>GENERAL MANAGEMENT</u>	2,306,532	1,745,544	560,988
<u>CAPITAL FINANCING COSTS</u>			
Interest Charge	5,664,018	5,558,883	105,135
Principal	2,677,768	2,677,768	-
Debt Management	50,000	50,000	-
Rescheduling Discount	-	-	-
EXPENDITURE TO HRA SUMMARY	8,391,786	8,286,651	105,135
<u>CENTRAL RECHARGES</u>			
Central Recharges	2,043,633	2,092,886	(49,253)
Grounds Maintenance recharge to HRA	500,616	510,199	(9,583)
EXPENDITURE TO HRA SUMMARY	2,544,249	2,603,085	(58,836)

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>STRATEGY AND DEVELOPMENT</u>			
Housing Strategy and Development	1,919,958	1,436,096	483,862
Transforming Lives and Communities	-	-	-
EXPENDITURE TO HRA SUMMARY	1,919,958	1,436,096	483,862
<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>PUBLIC SECTOR HOUSING</u>			
Landlord General	481,440	399,711	81,729
Sheltered Accommodation	1,611,504	1,591,001	20,053
Holly Road Community Support	4,849	5,565	(716)
Eastern Valley Area Housing Office	832,517	868,065	(35,548)
Upper Rhymney Area Housing Office	924,641	924,340	301
Lower Rhymney Valley Area Housing Office	-	341	(341)
Lansbury Park Neighbourhood Housing Office	330,745	337,725	(6,980)
Graig Y Rhacca Neighbourhood Housing Office	314,464	292,867	21,597
Housing Allocations Contribution	125,643	121,978	3,665
Tenants & Communities Involvement	377,250	327,118	50,132
Leaseholders Management	(1,718)	22,268	(23,968)
Tenancy Enforcement	355,209	339,267	15,942
Rents	1,077,959	955,510	122,449
Community Wardens	(39,527)	(44,215)	4,688
Renting Homes Wales Act Implementation	249,230	293,165	(43,935)
EXPENDITURE TO HRA SUMMARY	6,644,206	6,434,707	209,499

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>RESPONSE REPAIRS AND MAINTENANCE</u>			
Employee Expenses net of recharges	650,188	603,386	46,802
Repairs & Maintenance on Housing Stock			
Responsive Repairs	11,138,273	12,429,022	(1,290,749)
Revenue Contribution to Capital – WHQS Programme	14,763,099	6,468,776	8,294,323
Revenue Projects	1,394,000	1,037,129	356,871
Planned Cyclical	2,082,600	2,306,502	(223,902)
Planned Programme	-	-	-
	29,377,972	22,241,428	7,136,544
Transport Related	15,858	14,717	1,142
Supplies and Services	126,866	117,734	9,132
EXPENDITURE TO HRA SUMMARY	30,170,884	22,977,265	7,193,619

<u>HOUSING REVENUE ACCOUNT</u>	£	£	£
<u>INCOME</u>			
<u>Rents – Dwelling</u>			
Gross Rent – Dwellings	(47,738,243)	(47,792,430)	54,187
Gross Rent – Sheltered	(4,160,280)	(4,071,621)	(88,659)
Gross Rent – Hostel	-	-	-
Voids – General Needs Dwelling/Sheltered	1,309,688	1,119,758	189,930
Additional Income O/Side Rent Debit (WHQS)	-	(2,611)	2,611
Voids – Hostel	-	-	-
Net Rent	(50,588,835)	(50,746,904)	158,069
<u>Rents – Other</u>			
Garages	(352,380)	(357,582)	5,202
Garage Voids	105,110	103,483	1,627
Shop Rental	(50,604)	(50,604)	-
	(297,874)	(304,703)	6,829
<u>Service Charges</u>			
Sheltered – Service Charges	(1,217,441)	(1,205,869)	(11,572)
Sheltered – Heating & Lighting	(79,776)	(46,845)	(32,931)
Sheltered & Dispersed – Alarms	-	-	-
Catering Recharge – Sheltered Accommodation	-	-	-
Voids Schedule Water	86,249	83,325	2,924
Non-Scheduled Water Rates	(28,728)	(25,717)	(3,011)
Welsh Water Commission	(557,840)	(557,840)	-
Leaseholder – Service Charges	-	-	-
	(1,797,536)	(1,752,946)	(44,590)
<u>Government Subsidies</u>			
Housing Subsidy	-	-	-
	-	-	-
<u>Interest Receivable</u>			
Mortgage Interest	-	-	-
Investment Income	(140,000)	(140,000)	-
	(140,000)	(140,000)	-
<u>Miscellaneous</u>			
Miscellaneous	-	-	-
Private Alarms	-	-	-
Ground Rent	(3,000)	(3,000)	-
	(3,000)	(3,000)	-
INCOME TO HRA SUMMARY	(52,827,245)	(52,947,553)	120,308



HOUSING AND REGENERATION SCRUTINY COMMITTEE – INFORMATION ITEM

SUBJECT: NATIONAL EMPTY HOME GRANT

REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 To inform members of the new Welsh Government National Empty Home Grant which is the successor of the Valley Task Force Empty Home Grant (VTF EHG). Outlining the purpose, scale, and timing of the grant.
- 1.2 To note the “in principle” support received from Corporate Management Team to participate in the grant programme launching in January 2023.
- 1.3 To seek Cabinet approval of Caerphilly Homes participating in the fund and agree the Council’s financial contribution.
- 1.4 To seek Cabinet approval of funding the Empty Property Team for an additional 2 years until October 2025

2. SUMMARY

- 2.1 The Welsh Government (WG) are replacing the Valley Task Force (VTF) Empty Homes Grant (EHG) initiative with a similar national product. WG are committed to maximising the return to use of privately owned empty properties linked to their enforcement agenda, unmet housing need issues and more recently linking into the cost-of-living crisis, all of which are shared objectives of CCBC.
- 2.2 The national scheme has received Ministerial approval and was launched in January 2023. £50 million has been set aside for the programme over a 2 year period, with allocations of £25m in 23/24 and £25m in 24/25. The product will be very similar to the VTF EHG, available to empty property owners who want to become owner-occupiers.
- 2.3 There will be an initial notational allocation to each local authority based on the Council’s, council tax data relating to the number of empty homes for the specific year. For CCBC in 22/23 this equates to 4.62%.

- 2.4 Based on this 4.62%, during 23-25 the allocation to CCBC would be £2.31M. If, as expected, there is demand from property owners, for the total allocation, the LA contribution towards these grants at 10% would be approximately £231,000, resulting in total assistance of £2.54M. Based on a £25,000 maximum grant this would bring back approximately 101 empty homes.
- 2.5 Caerphilly Homes could contribute in full (approximately £231,000) towards this programme from the general fund housing capital reserves (slippage), taking the pressure off future general fund resources.

3. RECOMMENDATIONS

- 3.1 The Housing and Regeneration Scrutiny note the recommendations made to Cabinet as detailed below and the decision of Cabinet as noted in Section 10 of the report for information.
- 3.2 That Cabinet consider the merits of the new National Empty Home Grant programme and the potential number of empty homes that could be brought back into use based on the maximum grant, across the county borough over the next two years (101) and agree that Caerphilly Homes participate in the new National Empty Home Grant programme.
- 3.3 To agree the contribution of circa £231,000 towards the scheme during 23- 25 from housing general fund capital reserves.
- 3.4 To approve the use of both General Fund and Private Sector Housing revenue balances of circa £274,000 to fund the Empty property Team for an additional 2 years until October 2025.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The Empty Property Team have engaged very proactively with the empty property owners within the private sector. Agreeing and approving the delivery of this programme and contributing towards the works required to each property to bring them back into use, is one tool at the disposal of Caerphilly Homes to increase the available housing stock within the borough. This relieves other pressures across the housing sector particularly in the private rented sector where other groups of the community in housing need can then be accommodated.
- 4.2 Agreeing a CCBC contribution towards the programme enables the funding to go further and as the team works to promote the scheme their objective will be to optimise the funding envelope to increase the number of empty properties that can be brought back into use.

5. THE REPORT

- 5.1 In September 2020 Cabinet approved a capital allocation of up to £700k from Capital Earmarked Reserves to support the delivery of Valley Task Force (VTF) (based on an anticipated 35% contribution towards each grant), as well as the creation of a 2-year fixed term empty homes team at a staffing cost of £275k to deliver the work.

- 5.2 The staff commenced work in October 2021 and therefore are currently funded until October 2023. Following the commencement of the VTF scheme in 2020, WG were able to fund an increased level of the grant work than was originally anticipated and therefore the local authority contribution was significantly reduced to a capital lump sum of £100k. Consequently £600k was not required.
- 5.3 The VTF programme in Caerphilly CB resulted in 65 properties receiving grant aid so that they could be returned to beneficial use, all of which are completed. This was achieved at an approximate total cost of just under £1.5m of which £1m was provided by VTF grant assistance, £100K CCBC contribution and £300K applicant contribution (see paragraph 5.13 below).
- 5.4 £50 million has been allocated by WG for the new National Empty Home Grant programme over a 2 year period, with allocations of £25m in 23/24 and £25m in 24/25. The product is available to empty home owners who want to become owner-occupiers. The required Local Authority contribution is 10% of its allocation.
- 5.5 It is expected that there will be an initial notional allocation to each local authority based on the Council's, council tax data relating to empty homes. For CCBC in 22/23 this equates to 4.62%. The amount of funding CCBC will receive will depend on the number of empty homes recorded in that particular financial year but based on the 4.62%, during 23 -25 the figure would be £2.31M. If, as expected, there is demand from property owners for the total allocation, based on the confirmed percentage contribution of 10% it would be approximately £231,000, resulting in total assistance of £2.54M. Based on a £25,000 maximum grant this would bring back approximately 101 empty homes.
- 5.6 Caerphilly Homes could contribute in full (approximately £231,000) towards this programme during the 2 years from the general fund housing capital reserves (slippage), taking the pressure off future general fund resources.
- 5.7 It is key for the delivery of this new National Grant that approval to participate in the scheme is obtained as quickly as possible.
- 5.8 Therefore, approval is sought to participate in the scheme from its launch in January 2023, with a view to seek approval to earmark general fund housing capital reserves to be used during 2023-25.
- 5.9 The successful implementation of the scheme in these years will be dependent on the continuation of funding for the Empty Homes Team who have, to date, been successful in delivering the VTF programme as well as progressing the Welsh Government approved CCBC Empty Property Action Plan including the ongoing development of an empty homes pack, empty property website, Empty Homes Strategy and the instigation of legal proceeding on individual property owners in relation to enforced sales.
- 5.10 Therefore, approval is also sought to use both General Fund and Private Sector Housing balances of circa £274,000 to continue to fund the Empty property Team for an additional 2 years until October 2025 to ensure the Empty Home Grant programme is delivered.
- 5.11 The main details of the grant are listed below:

Qualifying Period for Empty Home

This will be 12 months to align with the commitment to extend the PAM measure from 6 months to 12 months and be more reflective of a true empty.

Scheme administration –

This will be national to ensure consistency and aid the tight delivery timescales of the Programme as well as considering local capacity issues. The scheme will be administered by Rhonda Cynon Taff County Borough Council.

Scheme costs / administration fees

To consider revenue impacts on Local Authorities.

Grant allocation mechanism / formula

A hybrid of both nominal allocation and demand led allocation where the initial allocation is nominal per Local Authority to ensure fairness but with spend being monitored and recovered as well as redistributed if not effectively utilised.

Grant limit

Maximum grant of £25,000 to include energy efficiency requirements.

Match Funding requirements –

Local Authority / applicant contribution:

Applicant contribution will remain the same as VTF at 15% of the cost of the works up to a maximum of £3,000, waived for cases of hardship. Any costs above the grant maximum would be met by the applicant.

Local authority contribution as a percentage figure match funding (10% with a maximum of £25,000 per property).

Criteria –

For example, –

Owner of a home that has been registered with council tax as an empty for a minimum of 12 months.

Grant work must result in energy efficiency improvement.

5 year post grant conditions applied .

Conclusion

- 5.12 That Caerphilly Homes participate fully in the scheme and optimise the level of funding available to maximise the number of empty homes brought back into use, coming from general fund housing capital reserves.

6. ASSUMPTIONS

- 6.1 The key assumption is that this work can be picked up within Caerphilly Homes primarily focusing on the empty property team.

- 6.2 That all property will be at the maximum eligible grant and this manages expectations of the conditions over the next few years.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 The Integrated Impact Assessment (IIA) suggests that the delivery of the Empty Home Grant Programme will only have a positive impact upon the residents of the County Borough and on community cohesion by improving availability of affordable and market housing opportunities as well as helping to address problematic long-term empties.

7.2 By providing opportunities for people to have more access to a wider range of housing options and providing financial support initiatives, the IIA shows that the Programme will have a positive impact on equality, diversity and inclusion, on tackling social disadvantage and on promoting the wellbeing of existing and future generations. Helping people achieve affordable home ownership also contributes to several of the Council's wellbeing objectives. No adverse impact on the promotion of the Welsh language was identified.

7.3 Hyperlink to the WG Integrated Impact Assessment:

[Click For Integrated Impact Assessment](#)

8. FINANCIAL IMPLICATIONS

8.1 The key financial implications are the Local Authority contribution towards the capital programme of £231,000 during 23/24 and 24/25 split 50/50. This contribution can be made from general fund housing capital reserves.

8.2 The use of both General Fund and Private Sector Housing revenue balances of circa £274,000 to fund the Empty property Team for an additional 2 years until October 2025.

9. PERSONNEL IMPLICATIONS

9.1 There are no implications here as it is assumed that the project will be managed by the existing Caerphilly Homes Empty Property Team.

10. CONSULTATIONS

10.1 All consultee responses have been included in this report.

10.2 Members note the unanimous Cabinet Decision:-

RESOLVED that for the reasons contained in the Officer's report: -

1. The merits of the new National Empty Home Grant programme and the potential number of empty homes that could be brought back into use based on the maximum grant, across the county borough over the next two years (101) be considered and that Unanimously Page 1 Caerphilly Homes participate in the new National Empty Home Grant programme be agreed.
2. The contribution of circa £231,000 towards the scheme during 23- 25 from housing general fund capital reserves be agreed.
3. The use of both General Fund and Private Sector Housing revenue balances of circa £274,000 to fund the Empty property Team for an additional 2 years until October 2025 be approved.

11. STATUTORY POWER

11.1 Local Government Act 2000 and Local Government (Wales) Measure 2011 'wellbeing power'.

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