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For all enquiries relating to this agenda please contact Rebecca Barrett
(Tel: 01443 864245 Email: barrerm@caerphilly.gov.uk)

Date: 11th September 2020

Dear Sir/Madam,

A meeting of the **Housing and Regeneration Scrutiny Committee** will be held via Microsoft Teams on **Thursday, 17th September, 2020 at 5.30 pm** to consider the matters contained in the following agenda. Councillors and the public wishing to speak on any item can do so by making a request to the Chair. You are also welcome to use Welsh at the meeting, both these requests require a minimum notice period of 3 working days.,

This meeting will be recorded and made available to view via the Council's website, except for discussions involving confidential or exempt items. Therefore the images/audio of those individuals speaking will be publicly available to all via the recording on the Council website at www.caerphilly.gov.uk

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Christina Harrhy'.

Christina Harrhy
CHIEF EXECUTIVE

AGENDA

- | | Pages | |
|---|-----------------------------------|--|
| 1 | To receive apologies for absence. | |
| 2 | Declarations of Interest. | |

Councillors and Officers are reminded of their personal responsibility to declare any personal and/or prejudicial interest(s) in respect of any item of business on this agenda in accordance with the Local Government Act 2000, the Council's Constitution and the Code of Conduct for both Councillors and Officers.

A greener place Man gwyrddach



To approve and sign the following minutes: -

- 3 Housing and Regeneration Scrutiny Committee held on 28th January 2020. 1 - 6
- 4 Consideration of any matter referred to this Committee in accordance with the call-in procedure.
- 5 Housing and Regeneration Scrutiny Committee Forward Work Programme. 7 - 20
- 6 To receive and consider the following Cabinet reports*: -
1. Targeted Regeneration Investment Thematic Grant – 29th January 2020;
 2. ERDF 4.4 Funding Opportunities - Ty Du, Nelson - Phase 1 Employment Units – 12th February 2020;
 3. Draft Heads of the Valleys Masterplan – 12th February 2020;
 4. Housing Revenue Account Charges - 2020/2021 – 12th February 2020;
 5. Gateway to Employment - Caerphilly Skills and Apprenticeship Academy – 26th February 2020;
 6. Construction of a Replacement Play Area, Pontllanfraith – 22nd July 2020.

**If a member of the Scrutiny Committee wishes for any of the above Cabinet reports to be brought forward for review at the meeting please contact Rebecca Barrett, 01443 864245, by 10.00am on Wednesday, 16th September 2020.*

To receive and consider the following Scrutiny reports: -

- 7 Regeneration & Planning Service #Resilient Communities, Sustainable Places - An overview. (Presentation)
- 8 WHQS & Post-2020 Asset Management Programme Update. 21 - 32
- 9 Leaseholder Charges. 33 - 42

Circulation:

Councillors J. Bevan, D. Cushing, C. Elsbury, Mrs C. Forehead (Vice Chair), R.W. Gough, L. Harding, A.G. Higgs, G. Kirby, Ms P. Leonard, Mrs G.D. Oliver, B. Owen, Mrs D. Price, Mrs M.E. Sargent, A. Whitcombe (Chair), W. Williams and B. Zaplatynski

And Appropriate Officers

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HOUSING AND REGENERATION SCRUTINY COMMITTEE

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON
TUESDAY, 28TH JANUARY 2020 AT 5.30 P.M.

PRESENT:

Councillor J. Ridgewell - Chair
Councillor Mrs C. Forehead - Vice-Chair

Councillors:

C. Elsbury, R.W. Gough, L. Harding, G. Kirby, Ms P. Leonard, B. Owen, W. Williams,
B. Zaplatynski

Cabinet Members:

Mrs L. Phipps (Homes, Places and Tourism), S. Morgan (Regeneration, Transport and
Sustainability), Mrs E. Stenner (Finance, Performance and Planning)

Together with:

S. Couzens (Chief Housing Officer), R. Kyte (Head of Regeneration and Planning), L. Allen
(Principal Group Accountant, Housing, D. Lucas (Team Leader - Strategic Planning),
I. Mullis (Senior/Principal Planner), M. Jacques (Scrutiny Officer) R. Barrett (Committee
Services Officer)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J. Bevan, D. Cushing, A.G. Higgs,
Mrs G.D. Oliver, Mrs D. Price and Mrs M.E. Sargent, together with M.S. Williams (Interim
Corporate Director, Communities).

2. DECLARATIONS OF INTEREST

Councillors L. Harding, G. Kirby and J. Ridgewell declared a personal and prejudicial
interest in Agenda Item 8 (Housing Revenue Account Charges 2020/2021). Details are
minuted with the respective item.

3. MINUTES – 26TH NOVEMBER 2019

RESOLVED that the minutes of the Housing and Regeneration Scrutiny Committee
meeting held on 26th November 2019 (minute nos. 1 - 10) be approved as a correct
record and signed by the Chair.

4. MINUTES – 5TH DECEMBER 2019

RESOLVED that the minutes of the Special Housing and Regeneration Scrutiny Committee meeting held on 5th December 2019 (minute nos. 1 - 3) be approved as a correct record and signed by the Chair.

5. CALL-IN PROCEDURE

There had been no matters referred to the Scrutiny Committee in accordance with the call-in procedure.

6. HOUSING AND REGENERATION SCRUTINY COMMITTEE FORWARD WORK PROGRAMME

Mark Jacques (Scrutiny Officer) presented the report, which outlined details of the Housing and Regeneration Scrutiny Committee Forward Work Programme (FWP) for the period January 2020 to July 2020, and included all reports that were identified at the Scrutiny Committee meeting on 26th November 2019.

Members were referred to the workshop held prior to the main meeting to consider and prioritise items for the Forward Work Programme for the coming year. An updated FWP will be drafted from the discussions at the workshop and brought to the next meeting of the Housing and Regeneration Scrutiny Committee for approval.

Members noted the update from the Scrutiny Officer and unanimously agreed that the Forward Work Programme as appended to the meeting papers be published on the Council's website.

7. CABINET REPORTS

None of the Cabinet reports listed on the agenda had been called forward for discussion at the meeting.

REPORTS OF OFFICERS

Consideration was given to the following reports.

8. HOUSING REVENUE ACCOUNT CHARGES 2020/2021

Councillor J. Ridgewell declared a personal and prejudicial interest as his mother-in-law is a council tenant, and left the meeting during consideration of the item. Councillor Mrs C. Forehead took the Chair for this item.

Councillor L. Harding declared a personal and prejudicial interest as his brother is a council tenant, and left the meeting during consideration of the item.

Councillor G. Kirby declared a personal and prejudicial interest as his mother-in-law is a council tenant, and left the meeting during consideration of the item.

The Cabinet Member for Homes, Places and Tourism presented the report, which provided

details of the proposed increased charges which predominantly focus on council house rents which are intended to be effective for the Housing Revenue Account (HRA) for the 2020/2021 financial year. The report sought the views of Members on the proposed increases contained therein, prior to being reported to Cabinet on 12th February 2020.

Members noted the process involved in preparing the Housing Revenue Account (HRA) budget and were advised that in previous years the Welsh Government determined the annual guideline rent increases. The standard uplift policy for Local Authorities used to be based on the previous September Retail Price Index (RPI) plus a 2% real increase in support of rent convergence. The Minister for Housing and Regeneration changed this uplift policy as part of the new Policy for Social Housing Rents in April 2015, which was accepted by Members in the 2015/16 HRA charges report. The policy set a target rent band for each Authority and if the average weekly rent is below the target rent, the Authority will have to increase average rents, and if the average weekly rent is above the target rent, average rents will increase at a lower rate, to bring the rent back within the target envelope.

However, in April 2019 the Affordable Housing Supply Review was published which recommended that the Welsh Government should implement a five year rent policy from 2020-21, and that landlords should focus on Value for Money alongside affordability.

In light of this review the Minister for Housing and Local Government has published the 2020/21 Rent Policy, which has established an annual uplift of up to Consumer Price Index (CPI)+1% each year for 5 years from 2020-21 to 2024-25 using the level of CPI from the previous September each year and would be the maximum increase allowable. As an intrinsic part of the 5 year policy, landlords will be expected to set a rent and service charge policy which ensures that social housing remains affordable, and should make an annual assessment of cost efficiencies, value for money and affordability for tenants.

It was noted that as the previous September's CPI inflation figure was 1.7%, the policy allowed a maximum increase of 2.7% increase on the Council's total rental income. However, the Business Plan had assumed a rent increase of 3% for 2020/21 to 2024/25. Members were therefore asked to recommend to Cabinet the level of increase per property from April 2020 based on the options in the report (2.7%, 1.7% or no increase), and were also asked to support the undertaking of an exercise to consider tenant affordability when setting future rent increases.

During the course of the ensuing debate, discussion took place regarding the proposed levels of rent increase outlined in section 3.1 of the report. A Member queried how rents could be set before the affordability exercise with tenants had taken place. Officers explained that as local authorities had only been made aware of the outcome of the Rent Policy in the latter stages of 2019, it left limited time for a full affordability exercise but that such consultation was planned for the future and that the results of the exercise will be reported to the Scrutiny Committee when available.

A Member queried the assistance available to tenants who struggle to afford their rent Officers outlined the role of Tenant Support Officers who help people in arrears, and gave examples of the work carried out with tenants, such as debt management advice and energy efficiency measures. Members were also reminded that the maximum proposed increase is less than previous years in order to maximise affordability to tenants.

Discussion turned to the impact of the reduction of income by £1m assumed within the Council's business plan for the 2.7% rent increase option. Officers explained that the Authority is looking at different ways of delivering services and reducing costs in order to

absorb this loss of income. In addition, the late re-profiling of WHQS external works has allowed a carry-over of expenditure to offset this reduction in income, together with a reduction in associated borrowing costs.

A Member referred to the need to decarbonise existing housing stock that was identified in the report, and Officers outlined the options already being explored in this area, such as loft upgrades, external wall insulation, and energy efficient products. The Council are also looking into grant funding opportunities to facilitate these improvements. A Member referred to the use of solar panels and Officers explained that these had been installed in some properties with limited success and that newer methods of energy generation are constantly emerging.

Having considered the options set out in the report, it was moved and seconded that Option (i) (the 2.7% increase comprising CPI plus 1%) be recommended to Cabinet and that the affordability exercise proposed in the report be supported. By a show of hands this was unanimously agreed. It was therefore

RECOMMENDED to Cabinet that:-

- (i) the maximum increase of 2.7% per property allowed under the rent policy, which will set rents just within the low end of the policy rent band but will reduce income by £1m to that assumed within the Council's business plan, be applied from April 2020;
- (ii) an exercise be undertaken so that tenants affordability can be considered when setting future rent increases in accordance with the rent policy.

9. DRAFT HEADS OF THE VALLEYS MASTERPLAN

The Cabinet Member for Regeneration, Transport and Sustainability presented the report, which provided details of the Draft Heads of the Valleys Masterplan. The views of the Scrutiny Committee were sought on its contents, ahead of its presentation to Cabinet on 12th February 2020 for endorsement of the Masterplan as the basis for a public consultation exercise commencing 17th February 2020 until 30th March 2020.

Members were reminded of the £1.2billion investment available through the City Deal and the Cardiff Capital Region Investment Fund to support the region's economic growth, which will be used to take forward a wide range of projects and schemes that contribute toward economic growth. Allied to this is the commitment from the Ministerial Taskforce for the South Wales Valleys, detailed in the publication of the 'Our Valleys, Our Future' document, which sets out strategic priorities for the region and which is supported by £100 million of Welsh Government investment over 10 years.

The County Borough's regeneration strategy 'A Foundation for Success' was approved in July 2018 and provides the strategic framework for regeneration activity over the next five years. Masterplans for Caerphilly Basin and Ystrad Mynach, the first two in a suite of five masterplans designed to complement 'A Foundation for Success', were approved by the Council in July 2018 and April 2019 respectively, and provide more detailed proposals for the regeneration and revitalisation of their respective areas.

A third Masterplan has now been drafted for the Heads of the Valley area, a copy of which was appended to the report. This document has been prepared following a number of engagement events and focuses on the northern part of the county borough, which

stretches from Bargoed to Rhymney and incorporates the Upper Rhymney and Sirhowy Valleys. Key to the Masterplan are a number of economic aspirations and strategic priorities which will have the potential to make a positive impact in terms of addressing the challenges of social and economic deprivation that are faced in the Heads of the Valley. The Masterplan will capitalise upon investment along the A465 corridor and Phase 2 of the South Wales Metro to create a strategic presence to the north of the county borough, strengthen employment and businesses opportunities and improve connectivity, whilst developing its role as a visitor and tourism destination and promoting accessibility to commercial, leisure and community services.

The Scrutiny Committee discussed the report and a Member outlined concerns regarding the lack of timescales within the draft Masterplan, and the consequences if estimated targets are not met. Officers explained that the Regeneration Project Board monitors progress on a 6-monthly basis, but that it is difficult to include definite timescales within a draft Masterplan as certain proposals are dependent on attracting further funding.

One Member raised the issue of land ownership and investment at Markham Colliery in Argoed, which had been previously identified as a potential site for a country park, and raised questions around Welsh Government funding. Officers advised that some work had been undertaken to explore potential usage of the site and that it would be beneficial in terms of future development if funding could be secured afresh.

Discussion ensued on A465 dualling and initiatives to encourage those drivers travelling across the Heads of the Valleys to visit the northern part of the County Borough. The issue of limited bus services was also highlighted as an area of importance. Officers advised that whilst the South Wales Metro programme focussed initially on rail, under what was called "Metro Plus", there is the potential for bus services to be added to the overall scheme and add Active Travel Routes.

One Member asked if there was too much emphasis on cycle tracks in the draft Masterplan. Officers explained that there is a need to develop sustainable transport and local connectivity and that new cycle tracks would attract more cyclists, which would have benefits in terms of tourism and helping to meet the Council's well-being objectives on improving health. Another Member suggested that too much emphasis was placed on rail and that connectivity has to be improved away from the two railway stations in the Masterplan area, otherwise travellers could become dependent on using cars and it would then be problematic to get them to transfer to other forms of transport. Officers outlined the importance of promoting sustainable transport and gave an example of how a neighbouring Authority is reduce parking spaces in an attempt to discourage travellers from using cars. Officers advised that in the future such measures aimed at reducing the use of cars would be more commonplace.

In response to a query from the Scrutiny Committee, Officers gave an overview of WG's Foundational Economy Challenge Fund, which has £3m available and offers funding support to organisations and businesses to introduce innovative ways of working. It was explained that Caerphilly Council recently facilitated an event to encourage local representatives from the private sector to generate unique ideas, which could then be put to the judging panel for the Challenge Fund as projects for consideration. Members were advised that out of the ideas submitted from across Wales, 16 were selected by WG for progression, including three ideas from Caerphilly County Borough Council.

Following discussion of the report, it was moved and seconded that the following recommendations be forwarded to Cabinet for approval. By a show of hands, this was unanimously agreed.

RECOMMENDED to Cabinet that:-

- (i) The Draft Heads of the Valleys Masterplan be endorsed for public consultation;
- (ii) The Draft Masterplan be the subject of public consultation commencing on 17th February 2020 and concluding on 30th March 2020.

The meeting closed at 6.32 p.m.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 17th September 2020, they were signed by the Chair.

CHAIR



HOUSING AND REGENERATION SCRUTINY COMMITTEE – 17TH SEPTEMBER 2020

**SUBJECT: HOUSING AND REGENERATION SCRUTINY COMMITTEE FORWARD
WORK PROGRAMME**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE
SERVICES**

1. PURPOSE OF REPORT

1.1 To report the Housing and Regeneration Scrutiny Committee Forward Work Programme.

2. SUMMARY

2.1 Forward Work Programmes are essential to ensure that Scrutiny Committee agendas reflect the strategic issues facing the Council and other priorities raised by Members, the public or stakeholder.

3. RECOMMENDATIONS

3.1 That Members consider any changes and agree the final forward work programme prior to publication.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To improve the operation of scrutiny.

5. THE REPORT

5.1 The Housing and Regeneration Scrutiny Committee forward work programme includes all reports that were identified at the Scrutiny Leadership Group meeting on Thursday 20 August, 2020. The work programme outlines the reports planned for the period September 2020 to November 2020.

5.2 The forward Work Programme is made up of reports identified by officers and members. Members are asked to consider the work programme alongside the cabinet work programme and suggest any changes before it is published on the council website. Scrutiny committee will review this work programme at every meeting going forward alongside any changes to the cabinet work programme or report requests.

5.3 The Housing and Regeneration Scrutiny Committee Forward Work Programme is attached at Appendix 1, which presents the current status as at 7th September 2020. The Cabinet Work Programme is attached at Appendix 2. A copy of the prioritisation flowchart is attached at

appendix 3 to assist the scrutiny committee to determine what items should be added to the forward work programme.

5.4 **Conclusion**

The work programme is for consideration and amendment by the scrutiny committee prior to publication on the council website.

6. **ASSUMPTIONS**

6.1 No assumptions are necessary.

7. **LINKS TO RELEVANT COUNCIL POLICIES**

7.1 The operation of scrutiny is required by the Local Government Act 2000. The Local Government Wales Measure 2011 and subsequent Statutory Guidance include requirements to publicise the work of scrutiny committees. The operation of scrutiny committee forward work programmes was agreed following decisions by Council in October 2013 and October 2015.

7.2 **Corporate Plan 2018-2023.**

Scrutiny Committee forward work programmes contributes towards and impacts upon the Corporate Well-being Objectives by ensuring that the Executive is held to account for its Corporate Objectives, which are:

Objective 1 - Improve education opportunities for all

Objective 2 - Enabling employment

Objective 3 - Address the availability, condition and sustainability of homes throughout the county borough and provide advice, assistance or support to help improve people's well-being

Objective 4 - Promote a modern, integrated and sustainable transport system that increases opportunity, promotes prosperity and minimises the adverse impacts on the environment

Objective 5 - Creating a county borough that supports a healthy lifestyle in accordance with the sustainable Development Principle within the Wellbeing of Future Generations (Wales) Act 2015

Objective 6 - Support citizens to remain independent and improve their well-being

8. **WELL-BEING OF FUTURE GENERATIONS**

8.1 This report contributes to the well-being goals and is consistent with the five ways of working as defined within the sustainable development principle in that by ensuring the scrutiny function is effective when reviewing services and policies and ensure it considers the wellbeing goals.

8.2 The Forward Work Programmes contribute to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2016 by ensuring there is an effective scrutiny function and that council policies are scrutinised against the following goals:

- A prosperous Wales
- A resilient Wales

- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh Language
- A globally responsible Wales

9. EQUALITIES IMPLICATIONS

9.1 There are no specific equalities implications arising as a result of this report.

10. FINANCIAL IMPLICATIONS

10.1 There are no specific financial implications arising as a result of this report.

11. PERSONNEL IMPLICATIONS

11.1 There are no specific personnel implications arising as a result of this report.

12. CONSULTATIONS

12.1 There are no consultation responses that have not been included in this report.

13. STATUTORY POWER

13.1 The Local Government Act 2000.

Author: Mark Jacques, Scrutiny Officer

Consultees: Dave Street, Corporate Director – Social Services and Housing
 Mark S. Williams, Interim Corporate Director of Communities
 Shaun Couzens, Chief Housing Officer, Communities
 Robert Tranter, Head of Legal Services/ Monitoring Officer
 Lisa Lane, Head of Democratic Services and Deputy Monitoring Officer, Legal Services
 Councillor John Ridgewell Chair of Housing and Regeneration Scrutiny Committee
 Councillor Christine Forehead Vice Chair of Housing and Regeneration Scrutiny Committee

Appendices:

Appendix 1 Housing and Regeneration Scrutiny Committee Forward Work Programme
 Appendix 2 Cabinet Forward Work Programme
 Appendix 3 Forward Work Programme Prioritisation Flowchart

Housing & Regeneration Scrutiny Committee Forward Work Programme April 2020 to April 2021			
Meeting Date: 17th September 2020			
Subject	Purpose	Key Issues	Witnesses
Presentation giving a Planning & Regeneration Overview			Rhian Kyte, Head of planning and regeneration
Leaseholder Management Charges	To update members on proposals to increase service charges to existing leaseholders	To report on proposals to increase service charges to existing leaseholders to ensure actual charges for delivering the service are recovered and not subsidised by the Housing Revenue Account. To also seek views on proposals to buy back leasehold properties where owners of flats may have financial difficulties.	Shaun Couzens – Chief Housing Officer
WHQS Update	To update members on the progress being made in the delivery of the WHQS programme	To update members on performance relating to the WHQS programme and in particular the impact the Covid pandemic has had on delivery.	Shaun Couzens – Chief Housing Officer

Housing & Regeneration Scrutiny Committee Forward Work Programme April 2020 to April 2021**Meeting Date: 13th October 2020**

Subject	Purpose	Key Issues	Witnesses
Decarbonisation Strategy and Action Plan (to include ELV's)			Rhian Kyte, Head of planning and regeneration Alan Dallimore
Valleys Taskforce Initiative			Rhian Kyte, Head of planning and regeneration
Homelessness	To provide members with an update on the Homelessness situation In Caerphilly	To update members on the homelessness situation in Caerphilly and how this has been impacted by the Covid pandemic. The report will provide some comparative data and the actions taken during the pandemic in response to increase demand and changing regulations issued by WG	Shaun Couzens – Chief Housing Officer

Housing & Regeneration Scrutiny Committee Forward Work Programme April 2020 to April 2021

Meeting Date: 24th November, 2020

Subject	Purpose	Key Issues	Witnesses

Housing & Regeneration Scrutiny Committee Forward Work Programme April 2020 to April 2021**Meeting Date: Date to be Confirmed**

Subject	Purpose	Key Issues	Witnesses
Caerphilly Homes – Building Together Update			Shaun Couzens – Chief Housing Officer
Fochriw Flats	To seek members views on proposals to demolish a block of flats in Fochriw and provide a new shop to replace the existing premises on the ground floor of the block.	To advise members of the lack of demand and historical issues associated with this block of flats, which also contains commercial premises to the ground floor, which is the only shop in the community. To seek support to proceed with the provision of a new shop in the community which will then facilitate the demolition of the block.	Shaun Couzens – Chief Housing Officer

Housing & Regeneration Scrutiny Committee Forward Work Programme April 2020 to April 2021			
Meeting Date: 17th September 2020 (INFORMATION REPORTS)			
Subject	Purpose	Key Issues	Witnesses
Budget Monitoring Report 2020/2021			Michael Eedy, Finance Manager, Environmental Finance

Housing & Regeneration Scrutiny Committee Forward Work Programme April 2020 to April 2021

Meeting Date: 13th October 2020 (INFORMATION REPORTS)

Subject	Purpose	Key Issues	Witnesses
Housing Revenue Account Budget Monitoring – Period 3 2020-21			Lesley Allen, Principal Accountant WHQS Steve Harris, Interim Head of Business Improvement Services

Housing & Regeneration Scrutiny Committee Forward Work Programme April 2020 to April 2021

Meeting Date: 24th November, 2020 (INFORMATION REPORTS)

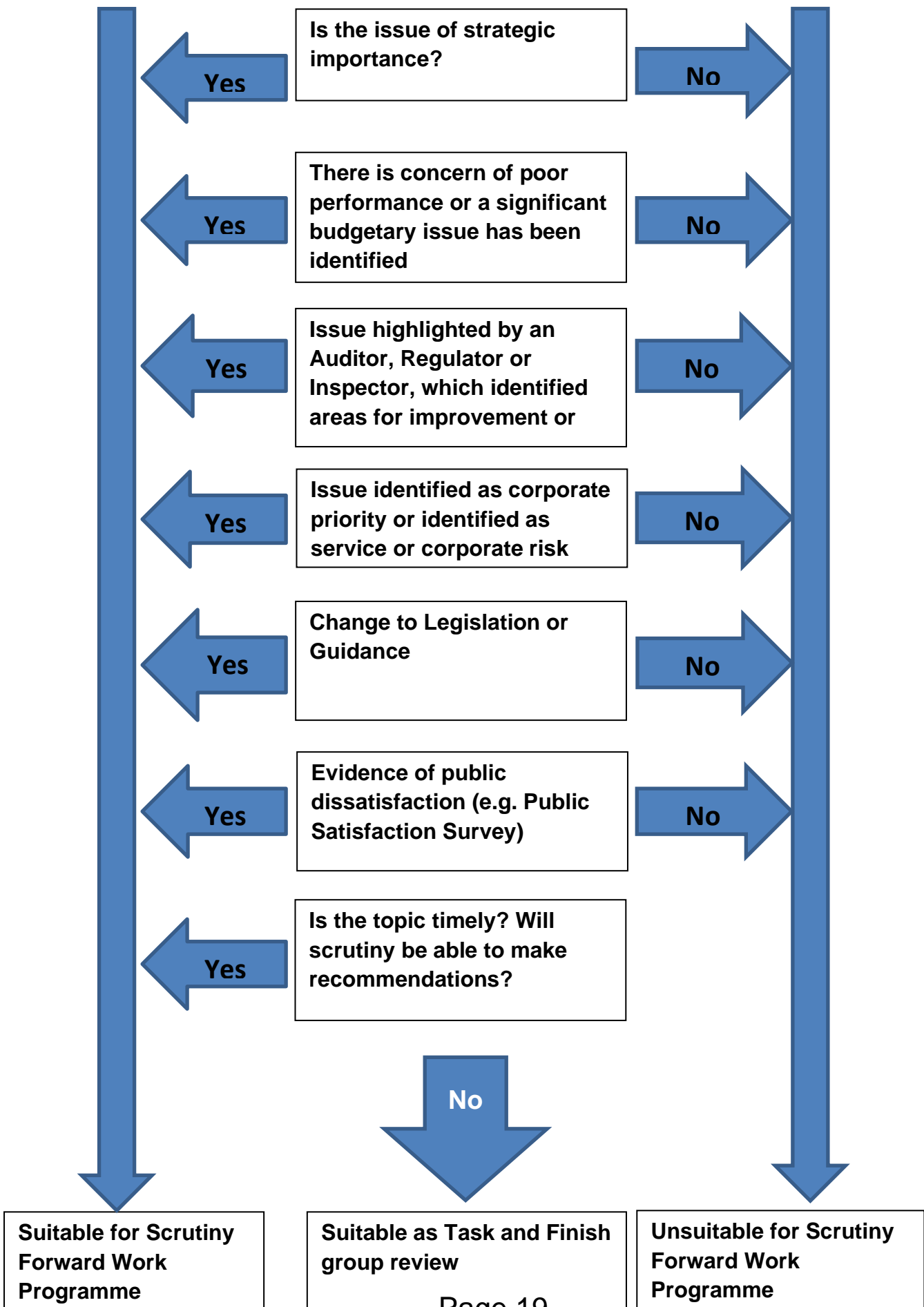
Subject	Purpose	Key Issues	Witnesses

Housing & Regeneration Scrutiny Committee Forward Work Programme April 2020 to April 2021**Meeting Date: Date to be Confirmed**

Subject	Purpose	Key Issues	Witnesses
Caerphilly Homes – Building Together Update			Shaun Couzens – Chief Housing Officer
Fochriw Flats	To seek members views on proposals to demolish a block of flats in Fochriw and provide a new shop to replace the existing premises on the ground floor of the block.	To advise members of the lack of demand and historical issues associated with this block of flats, which also contains commercial premises to the ground floor, which is the only shop in the community. To seek support to proceed with the provision of a new shop in the community which will then facilitate the demolition of the block.	Shaun Couzens – Chief Housing Officer

Forward Work Programme - Cabinet				
Date	Title	Key Issues	Author	Cabinet Member
30/09/2020 10:30	Leaseholder Management Charges	To seek Cabinet approval to increase leaseholder service charges to recover actual costs and avoid ongoing subsidisation by the Housing Revenue Account	Couzens, Shaun	Cllr. Phipps, Lisa
30/09/2020 10:30	Economic Recovery Framework	To provide Cabinet with an overview of the proposed framework for economic recovery in response to the Covid crisis.	Kyte, Rhian	Cllr. Morgan, Sean
30/09/2020 10:30	Covid Recovery Framework	To propose the principles of the council's recovery plans to covid	Harrhy, Christina	Cllr. Marsden, Philippa

Scrutiny Committee Forward Work Programme Prioritisation



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HOUSING AND REGENERATION SCRUTINY COMMITTEE – 17TH SEPTEMBER 2020

**SUBJECT: WHQS & POST 2020 ASSET MANAGEMENT PROGRAMME
UPDATE**

REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES AND HOUSING

1. PURPOSE OF REPORT

- 1.1 This report provides members with a progress update on performance of the Welsh Housing Quality Standard (WHQS) Team to date and the impact of the Covid 19 pandemic on completion of the programme by our internal deadline of June 2020.

2. SUMMARY

- 2.1 The details contained within this report provide information on the performance of the internal and external main WHQS Programme prior to the Government lockdown on 23rd March 2020 which demonstrate that full compliance was achievable prior to the statutory deadline of December 2020.
- 2.2 To date Welsh Government (WG) have not issued any updated guidance on completing the WHQS programme since the pandemic prevented us from continuing with the programme as planned, however officers are in regular discussions with WG and await an update on the revised completion date. Early indications are that it is expected to be December 2021. Caerphilly CBC are one of the four remaining Local Authorities that were due to complete by December 2020, although we were in a more advanced position to complete the programme early compared to other Local Authorities.
- 2.3 Details of the current performance and financial outturn to date are also included. The many achievements that have been made as part of the wider commitments and benefits delivered by the WHQS programme have been reported in previous update reports
- 2.4 The report also provides members with an overview of the Post 2020 Asset Management Strategy (PAMS) proposals and impacts from the Covid 19 pandemic, which was due to commence following the successful completion of the WHQS programme.
- 2.5 It is important to note that if the Covid-19 pandemic had not occurred, Caerphilly Homes would have been on track to complete the WHQS programme by June 2020, ahead of the WG deadline of December 2020.

3. RECOMMENDATIONS

- 3.1 That the report is noted.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The report is for information only

5. THE REPORT

Progress of the internal works programme 2019/20 – Completion of works

- 5.1 The total number of properties achieving internal compliance at the end of 2019/20 was 10,344 which is 96.97% of our total stock (10667). 1,248 properties were completed internally during 2019/20. The target set at the start of the year was 24 properties per week to achieve compliance by June 2020. This weekly target was achieved consistently as at March 2020 and demonstrates that we were on target to meet the completion of the WHQS programme by June 2020.
- 5.2 The planned programme for 2019/20 confirms that 323 properties were remaining in its final stage which represents approximately 3% of the total stock. The remaining 3% of work left to complete is predominantly in-house contractor work.
- 5.3 The above performance has been achieved despite the enforcement of the pandemic lockdown in the week commencing 23rd March 2020, and a loss of contractors during the latter stages of the programme. Contingency arrangements to cover the loss of contractors were originally set up i.e. the DPS (Dynamic Purchasing System), in-house mop up teams with other options also being considered. About 57% of the total WHQS internal works programme is being completed by our own in-house workforce, the remaining work has been carried out by external contractors. Support is also being received from the Housing Repairs Operations (HRO) Team which has assisted in completing mop up properties where tenants had previously refused works but later changed their mind, along with void properties, achieving additional WHQS compliance to 101 properties in 2019/20 financial year.
- 5.4 Members will be aware that three sheltered schemes (Ty Isaf, Britannia Court & Highfield Court) had been transferred to the Planned Asset Maintenance Strategy (PAMS) programme for Health & Safety issues and this was agreed pre 2019/20.
- 5.5 The transfer to the PAMS programme was as a result of secondary surveys carried out at the schemes in preparation for the works to commence, which identified issues with electrical works involving the supply from Western Power, in addition to the detection of Asbestos Containing Material (ACM's).
- 5.6 For this reason, tenants will need to be decanted via a staged approach for all three schemes, which would not have been achievable within the timescale of the original WHQS timescale and were therefore included within the first year of the Post 2020 Asset Management Programme.
- 5.7 However, as the WHQS timescale is likely to be extended by WG there is a possibility that these schemes may now be incorporated into the revised WHQS programme and officers are currently investigating re-profiling options.

Progress of the internal works programme – Quarter 1 2020/21

- 5.8 As at Quarter 1, 9 properties have been made compliant in 2020/21 financial year in relation to their internal elements with a total internal compliance of 97.06%. Due to the Covid restrictions, we have been unable to enter most tenants' homes since the end of March.
- 5.9 314 properties remain outstanding as at Quarter 1. Surveys previously undertaken indicate the remaining work is in the region of:
- 202 Kitchens
 - 174 Bathrooms
 - 268 Electrical rewires
 - 48 Central heating upgrades
 - 27 Electrical tests
- 5.10 During lockdown 31 properties where internal works had commenced were left incomplete. Essential works continued to 14 of these properties to ensure tenants were not left without basic amenities. No other internal WHQS works have commenced since lockdown, although HRO continued to carry out emergency repairs where necessary.
- 5.11 Due to the inability to continue with work inside tenants' homes, operatives were transferred to void properties in order to provide housing for essential allocations, and empty buy-back stock which was originally intended to be completed post WHQS. Fourteen buy back properties allocated to the in-house team are currently receiving full refurbishments including all WHQS elements, and 33 void properties have been worked on with 13 completed as at Quarter 1.
- 5.12 DLO contractors that have un-furloughed their staff have been re-engaged to undertake roofing, heating and electrics in Ty Isaf (a vacated sheltered scheme). Some of the internal workforce were redeployed to support the critical delivery of free school meals and the buddy service during the pandemic, and this is still ongoing.
- 5.13 Supply issues have eased with deliveries now going to properties rather than one central point. When internal works re-commence, officers will ensure that supply is in line with the required target dates.
- 5.14 Pace is expected to gradually increase when we re-commence the internal works, however, work will undoubtedly take longer under Covid-19 restrictions, following the development of detailed Risk Assessments on safe working practices, and we need to establish the impact of this as we work through the remainder of the programme. Some tenants will undoubtedly refuse works if they are continuing to shield or have any medical issues or fears, and we will record these as acceptable fails - tenant refusal (Covid) for internal purposes and review as appropriate.
- 5.15 At present, we are unable to confirm how long the remaining properties will take to complete under these conditions. The programme initially had approximately 14 weeks of work left to complete prior to lockdown and was on target to be met by June 2020. A reasonable assumption at this stage would be three times this timescale to allow for the impact of restarting contracts, risk assessments, social distancing of operatives and contractors, any suppliers issues, and tenants concerns, etc. which would currently estimate internal completion at around August 2021. This is pending

no further delays from a potential 2nd or 3rd wave or local lockdowns. A 50% increase of costs is initially anticipated for internal works and a full year cost for the delivery team which was only anticipated to be supporting the programme for 3 months.

- 5.16 The restrictions mentioned above will also increase the time to complete a typical property and whilst we would still like to achieve the programme by December 2020, it is acknowledged that December 2020 is no longer realistic. It is therefore likely that the completion of the internal works programme will fall into the 2021 year. Although this is disappointing for everyone concerned, the circumstances were beyond our control and could not have been foreseen.

Progress of the External Works Programme 2019/20 – Completion of Works

- 5.17 The total number of properties achieving external compliance at the end of the 2019/20 financial year was 10,061 which is 94.32% of the total stock (10,667). 2,473 properties were completed externally during 2019/20. The target set at the start of the year was 48 properties per week to achieve compliance by June 2020 and although the target was not quite achieved by March 2020, there was some contingency to ensure the June 2020 compliance.
- 5.18 The planned programme for 2019/20 confirms that 606 properties (excluding leaseholders) were remaining in its final stages which represent 5% of the total stock. The majority of this work is predominantly external contractor awards.
- 5.19 Within reason, contractors have been able to obtain the required materials. There have been some delays due to collections being made on an appointment basis. The first few weeks of lockdown, contractors had to go “off contract” to source materials elsewhere due to our single source supplier being closed. There have been some shortages i.e. roofing tiles due to manufacturing issues, but some supplies were obtained and held by our supply partner prior to lockdown. The window and door manufacturer and supplier closed for a few weeks, however again orders and deliveries for a number of contracts were made prior to lockdown and stored on site
- 5.20 In addition to the above, we are also completing external works to 408 leasehold properties; however, this has detrimentally affected progress due to the legislative process that needs to be followed by way of consultation. As at the end of 2019/20 302 leaseholder properties were compliant, representing 74% of the total leasehold stock. The weekly completion rate of 2.5 properties per week is just under the target of 3.8 per week. Prior to Covid restrictions the completion date for leaseholders was still expected to fall in line with the Welsh Government deadline of December 2020.

Progress of the External Works Programme Quarter 1 2020/21

- 5.21 As at Quarter 1, 147 properties have been made compliant in 2020/21 financial year in relation to their external elements with a total external compliance of 95.55%. Although there have been Covid restrictions to enter tenants’ homes, we have been able to carry out some work to the exterior of most properties.
- 5.22 During lockdown two contractors remained working and some restarted mid-May with others following in June. Due to the nature of the work being outside, the risk for tenants, staff and contractors is lower.

- 5.23 Appropriate detailed risk assessments were issued by the contractors (in addition to the standard external work risk assessments) to ensure adequate health and safety measures were taken whilst working externally at properties. Essential work was carried out internally where gas boilers needed to be turned off whilst carrying out external works near or around the gas flue. Contractors also carried out works to windows and doors on their return subject to household circumstances. Prior to commencing with any works, tenants are contacted to ensure they are happy for us to proceed, that they are not showing symptoms of Covid 19 and there are no shielding/vulnerability issues. No concerns have been received from tenants during this time, however, some work may need to be delayed where issues are encountered.
- 5.24 It is accepted that the June 2020 target for completion has not been met due to the impacts of Covid-19, which were out of our control, but having reviewed the outstanding contracts it is anticipated that all external works should be completed by October 2020, with the exception of Graig Y Rhacca contract 2 and leasehold contracts, which will be completed by December 2020 and February 2021 respectively. Works remaining include roofing, doors, groundworks and a small number of storage sheds.
- 5.25 93% of the whole WHQS external works programme (including leaseholders) is being completed by external contractors and 7% by our in-house workforce. Following previous agreement by Cabinet, the in-house workforce is undertaking all works (internal and external) to sheltered housing schemes, and more recently to our buy back properties.
- 5.26 All ongoing leaseholder contracts were closed during lockdown but most of them recommenced in June. Supplies have returned to near normal although there were some initial complaints from contractors that materials were not readily available. Contractors have indicated that there are a number of contracts expected to be completed in August, September and November 2020, but a small number of contracts are not anticipated to be completed until the end of February 2021 (pending weather conditions and further Covid-19 restrictions).
- 5.27 All remaining external works within the programme are now in progress. A 10% increase of costs is anticipated for external works to allow for supply issues and some restrictions when entering tenants' homes.

Environmental Programme

- 5.28 Part of the commitment to deliver the WHQS across all 10,667 homes (31st March 2020 count) also includes a requirement to comply with Part 6 which aims to ensure that 'all dwellings should be located in an environment to which residents can relate and in which they can be proud to live'.
- 5.29 An indicative budget of £10.6m has been set aside in the business plan and agreed with WG specifically for this purpose.
- 5.30 Three Environmental Officers were recruited to work with the Area Housing teams, communities and local members in order to initially identify environmental maintenance/repair issues.
- 5.31 The majority of the work identified as a result of the Environmental Programme has been undertaken in house via colleagues in Parks & Countryside, and Infrastructure.

All schemes identified in the consultation exercise with stakeholders were originally anticipated to be undertaken by March 2021. Unfortunately, due to the flooding in the early part of 2020, and the Covid-19 pandemic, it has not been possible for departments to complete all the works scheduled. In the Infrastructure section particularly, efforts have been deployed elsewhere to manage the impact of flooding on villages and town centres. It is now unlikely that the 52 outstanding schemes will commence delivery until October 2020, with a further 12 months for all schemes to be delivered.

The Capital Expenditure Programme for WHQS Works

- 5.32 Total expenditure on the HRA Capital Programme for 2019/20 was £49.5m. This expenditure was funded from the £7.35m Major Repairs Allowance (MRA) received from the WG, revenue contributions from the HRA of £16.3m, HRA balances & in year surpluses of £8m with the remaining funding of £17.9m from borrowing. Total borrowing to date for the WHQS programme is £40.9m.
- 5.33 The total expenditure on the WHQS capital programme this financial year (as at period 3) is some £1.3m which is a significant decrease compared to the same period last year of £7m. This is as a consequence of not being able to progress with works in the normal way during the Covid-19 pandemic (with the exception of essential work), but the programme still has to be delivered. Therefore, any savings made this year, will be required to fund the programme if it is extended beyond the financial year as expected.
- 5.34 Total spend up to the end of 2019/20 financial year for the HRA capital programme is £254m of which £238m relates directly to the WHQS Programme. This resulted in 10,344 (96.97%) properties achieving compliance for internal works, 10,061 (94.32%) properties achieving compliance for external works, and 10,047 (93.51%) properties achieving full compliance by 31/3/20.
- 5.35 The budget for the 2020/21 financial year includes an element to complete the WHQS programme including adaptations & voids (£13m), the start of the new PAMS programme (£8.7m), and £7.3m for indicative new build proposals.
- 5.36 Due to the delays on the WHQS programme as a direct result from Covid-19, this budget will need to be re-profiled to ensure the focus remains on completing the WHQS programme as a priority
- 5.37 The PAMS programme will also need to be re-profiled to allow for the WHQS programme to be completed. On a positive note, some of the works that were earmarked for the PAMS programme could be completed as part of the WHQS programme, such as the buy-backs that were too late to be entered into the WHQS programme for the June 2020 deadline, and the three sheltered schemes as stated previously.

Post Asset Management Strategy

- 5.38 As previously reported, this strategy sets out proposals following achievement of WHQS by 2020/21, to ensure the standard is maintained thereafter and the Council's housing portfolio continues to provide affordable, quality homes that meet our customers' needs. The Strategy was considered by CHTG on the 4th September 2018, Policy & Resources Committee on the 6th September 2018, and Cabinet on the 12th September 2018.

- 5.39 The asset management programme will initially focus mainly on external works and will ensure continuity of work for the in-house workforce following the completion of the WHQS programme. The in-house workforce will be the main contractor, supported by specialist contractors undertaking work such as roofing and energy efficiency related schemes.
- 5.40 The programme will also include five sheltered schemes identified for remodelling or demolition, and potentially the three sheltered housing schemes being suspended from the programme on Health and Safety grounds (see 5.4) (reported previously in the Re-profiling of WHQS Programme 14th February 2019). These schemes are currently accounted for as an Acceptable Fail due to Timing of Remedy within the WHQS programme, in line with the WHQS guidance document issued by WG. However, on the basis that the WHQS programme is likely to be extended to December 2021, these works could now form part of the WHQS programme and be completed accordingly. Officers are currently considering the logistics on achieving this.
- 5.41 The strategy assumes the successful achievement of WHQS accepting however, that there will be a number of properties that have not met the standard fully and will be classed as “acceptable fails”. The majority of these are down to tenant refusals and will continue to be picked up when properties become void at the end of a tenancy. Again, some of these Acceptable Fails could be reviewed within the new timescale of the WHQS Programme.
- 5.42 Further information on the Post Asset Management Strategy programme of work including special projects and improvements will be confirmed following the completion of all the external works surveys and will be detailed in future reports. This will now include re-profiling of surveys and works to account for the impact from Covid 19.

Tenants Communications

- 5.43 As part of the Councils commitment to engage with residents throughout the lockdown period, there have been regular updates on social media, signposting those that need it to support services for housing related advice. Housing services also set up a financial crisis helpline to assist those facing difficulties with rent payments or needing benefits advice, and assurance was given that no eviction action would be taken as a result of financial hardship caused by the Coronavirus pandemic. Tenants were also advised that servicing of gas, stair lifts and hoists would continue to be carried out, along with urgent repairs.
- 5.44 Tenants were informed that contractors were following the current guidelines set by WG and are practising safe distancing measures with appropriate PPE. Alternative measures for paying rent were promoted to tenants and those who were unable to pay via their usual methods, were offered support with changes if required. Signposts to WG links for advice and support during the pandemic were also included.
- 5.45 The majority of council tenants were called to offer reassurance as part of our support offered during lockdown. The objective of the call was to check on the tenants’ circumstances/welfare and signpost any tenants who needed support during lockdown (e.g. buddy scheme, essential repairs, food parcels). Support on financial matters was also offered from our Tenancy Support Officers.

- 5.46 When we recommence the internal works we will be contacting every tenant remaining on the internal programme to establish if they are choosing to shield or have any particular vulnerabilities that we need to consider, and if they are happy to allow us into their homes to undertake the work. This is a changing situation and contact needs to be made close to the start of any work on each property to establish the circumstances of the household.
- 5.47 External work has re-commenced in some of our sheltered schemes where risk assessments have been completed and tenants have been consulted. Some schemes are near completion where works to paths and painting are progressing. Further external surveys are intended to be carried out for the post 2020 sheltered schemes with no impact on tenants.
- 5.48 All necessary measures in line with the most up to date WG advice on entering and working inside people's homes have been introduced and appropriate training given. We have been entering properties throughout lockdown to carry out emergency works, including homes where tenants have been either shielding or symptomatic, which required significant measures to be put in place to protect employees and tenants during the peak of the virus. We are therefore in a good position to move towards the non-essential works in tenanted homes, due to our workforce understanding the requirements which need to be adopted, i.e. use of PPE/RPE, planning around and maintaining social distancing, hand hygiene, and appropriate communication with tenants.

6.0 ASSUMPTIONS

- 6.1 The main WHQS programme has been set out in communities which are then broken down into streets and account for the full council housing stock.
- 6.2 In order to be able to complete the remaining programme and ensure compliance with WHQS by the deadline set by WG, a number of assumptions have been made:
- Adequate resources will be maintained.
 - No significant unforeseen work will be encountered which could delay the programme and increase costs.
 - Performance is maintained at current levels or improved.
 - No contractual disputes or challenges are encountered which could result in delays and/or increased costs.
 - No legislative challenges are made which could delay the awarding of contracts.
 - Reasonable weather conditions have been assumed for the remainder of the programme as significant adverse weather could impact on external works in particular.
 - Revenue and expenditure assumed within the latest Business Plan does not alter significantly to impact on the completion of the programme
 - Future waves of the Coronavirus do not materialise
 - No local lockdowns are enforced

7. LINKS TO RELEVANT COUNCIL POLICIES

Corporate Plan 2018-2023

- 7.1 ***The Caerphilly We Want (CCBC, 2018-2023) - Well-Being Plan Objective Enabling Employment*** – Use investment in the housing stock to increase the

Number of qualified workers and tackle worklessness by providing apprenticeship, training and work placements with our in-house workforce and building contractors.

- 7.2 **The Caerphilly We Want (CCBC, 2018-2023): Well-being Objective 3:**
“Address the availability, condition and sustainability of homes throughout the county borough and provide advice, assistance or support to help improve people’s well-being.”
- 7.3 **Caerphilly Homes Service Plan (2018-2023): Priority 1A:**
All Council housing is Improved to meet the Welsh Housing Quality Standard by 2020.

Welsh Government Policies

- 7.4 **The Welsh Housing Quality Standard: Revised Guidance for Social Landlords on Interpretation and Achievement of the Welsh Housing Quality Standard (Welsh Government , 2008)**
- 7.5 **A Healthier Wales: Our Plan for Health and Social Care (Welsh Government, 2018)**

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 The underlying principles of the WHQS programme, which includes the provision of good quality affordable housing, energy efficient homes and carbon reduction, sustainable communities, health and wellbeing, targeted recruitment and training, clearly links to 5 of the 7 well-being goals in **The Well Being of Future Generations (Wales) Act 2015**. It is consistent with the five ways of working as defined within the sustainable development principle in the Act:-
- 8.2 **Long-term** - Since the Housing Ballot (2012) we continue to make substantial investments and improvements to both the internal and external environments of the Council’s housing stock, including specialised adaptations in accordance with the needs of some of our tenants.
- 8.3 These fundamental changes and improvements are being achieved through; the implementation of the Welsh Housing Quality Standards; housing adaptations in accordance with tenants and homeowners needs; enhancing the quality of product installations and repairs; improving environments around homes; all aiding the well-being of our communities, its infrastructure and citizens alike, providing homes and communities for now and the future.
- 8.4 **Prevention** - The works undertaken through Housing Services helps to improve lives and communities, by securing local employment either in-house or through supplier, contractor and partnership arrangements.
- 8.5 Works undertaken by our services make significant visual improvements to housing stocks and their surroundings environments (improved the look and feel) helping to prevent anti-social behaviour and enviro-crime.
- 8.6 By raising standards and conditions with improved quality materials and appropriate service response, should aid and ease future maintenance schedules and requirements, better controlling costs, levels of deterioration/depreciation, improve safety and accessibility, while also reducing disruption to our tenants in the future,

and aiding quality of life, through intervention and support actions that are fit-for-purpose.

- 8.7 **Involvement** - Through established governance and performance frameworks, tenants and local residents are consulted on proposed property and environment improvements works along with various initiatives, and they are periodically informed of progress as part of for example, the WHQS delivery programme.
- 8.8 Numerous working groups are established and well embedded with periodic reporting and feedback opportunities exploited. Welsh Government, Environment Standards, Regulatory Controls and Checks, Tenant Engagement are all part of our daily business.
- 8.9 **Collaboration** - The programme delivery focused on internal collaboration, wider partnership arrangements with suppliers and contractors, joint working with the community and various other interested parties/groups. The delivery of community benefits and tenant engagement by all involved with the WHQS programme is a key focus for the success and delivery of this objective.
- 8.10 **Integration** - The programme looks to integrate property and environmental improvements that will benefit and transform lives and communities throughout the county borough. It further brings together a variety of stakeholders to deliver long term sustainable benefits for lives and communities including Social Services & Health.

9. EQUALITIES IMPLICATIONS

- 9.1 An Equalities Impact Assessment is not needed because the issues covered are for information purposes only, therefore the Council's full EIA process does not need to be applied.
- 9.2 However, it should be noted that, through the 'adaptations work and improvement programmes' we are assisting citizens with well-being opportunities and helping them stay within their home communities (inclusion). All WHQS improvements and wider environment programmes are delivering equitable standards of facilities where practical and reasonably appropriate and there are no equalities implications to this report that have not been considered or would adversely affect any individual or group who fall under one of the protected characteristics or wider issues as shown in the Council's Strategic Equality Plan.

10. FINANCIAL IMPLICATIONS

- 10.1 Finance arrangements are explained in 5.32-5.35 of this report and are incorporated into the 30 year business plan required by WG as part of the annual MRA application.
- 10.2 The latest business plan was submitted in March 2020 just before the lockdown occurred. At the time it remained affordable to sustain the level of work required to complete the programme within the timescale required, and the current post 2020 commitments.
- 10.3 The business plan includes a level of assumptions such as interest rates, rent increases, pay awards and inflation that are subject to variation. Any significant

changes are reviewed and re-run into the business plan to ensure affordability remains. However, as with all other Local Housing Authorities, the business plan could not have accounted for a pandemic that would disrupt the programme to the extent it has.

- 10.4 The impact of an increase in rent arrears as a consequence of Covid 19 means less rental income being received, which reduces the funding levels for our required expenditure.
- 10.5 Other costs as a consequence include additional void costs, extension of fixed term contracts that were due to end during lockdown, extra deep cleaning of properties during handover and clearance charges, overtime for clearing the backlog of repairs, costs to ensure social distancing measures are in the workplace, and also the continuation of the capital programme under the new safety measures that will be required going forward.
- 10.6 WG have confirmed they will not support any HRA claims for financial assistance from the Covid 19 hardship fund on the basis that not all local authorities have retained their housing stock and the sector would therefore not be treated equally because transferred and traditional RSL's are not offered the same assistance.
- 10.7 Officers are in regular contact with WG officials to agree an extension to finalise the programme. Once this has been confirmed, and properties start to re-open, we should be able to re-cost the work to allow for the social distancing measures that need to be in place to allow safe working for tenants, workforce and contractors. It is anticipated that a revised business plan will need to be submitted to account for this impact, which could have an implication on future new build proposals and borrowing levels.

11. PERSONNEL IMPLICATIONS

- 11.1 Personnel resources are continually reviewed to ensure the momentum of this major investment programme remains on track. Agency workers are also utilised to support the programme due to the temporary nature of some positions and also due to the lack of suitable candidates in the market-place.
- 11.2 Furthermore, as this is the final stage of the programme, we need to review our resources to maintain the Post 2020 strategy programme, with the aim of ensuring the in-house workforce remains sustainable and that there is effective integration across the housing service
- 11.3 As part of the Post 2020 programme, continued close management and monitoring of performance of the programme is essential to ensure that its delivery is not compromised in any way. There will be an increase in workload for the in-house team who are predominantly managing the programme along with remodelling of sheltered schemes. Additional resources may be required to ensure performance in achieving the objective is maintained and the right skill set is available and will be considered further as the Post 2020 work is developed in detail.

12. CONSULTATIONS

- 12.1 All consultee responses have been incorporated within the report.

13. STATUTORY POWER

13.1 Housing Acts 1985, 1996, 2004. This is a Cabinet function.

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Consultees:

Cllr Lisa Phipps	- Cabinet Member for Homes, Places & Tourism
Cllr Andrew Whitcombe	- Chair-Housing & Regeneration Scrutiny Committee
Cllr Christine Forehead	- Vice Chair-Housing & Regeneration Scrutiny Committee
Dave Street	- Corporate Director of Social Services & Housing
Shaun Couzens	- Chief Housing Officer
Stephen Harris	- Interim Head of Business Improvement & S151 Officer
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HOUSING AND REGENERATION SCRUTINY COMMITTEE – 17TH SEPTEMBER 2020

SUBJECT: LEASEHOLDER CHARGES

REPORT BY: CORPORATE DIRECTOR OF SOCIAL SERVICES & HOUSING

1. PURPOSE OF REPORT

- 1.1 To recommend to Members that they support the proposal to revise existing recharges to leaseholders prior to consideration by Cabinet so that Caerphilly Homes can recover the actual costs incurred for providing the service and the establishment of a leasehold buy back policy.

2. SUMMARY

- 2.1 This report sets out Caerphilly Homes' proposal to increase the leaseholder management fee currently charged to reflect the actual costs incurred for providing the service, these costs are currently subsidised by tenants via the Housing Revenue Account.
- 2.2 Also to introduce charging for specific services that are recoverable under the terms set out in the various leases that are in place.
- 2.3 Currently the Housing Revenue Account (HRA) bears the burden of unrecovered costs incurred from providing services to leaseholders. However, Caerphilly Homes should neither subsidise the services received by leaseholders nor seek to make a surplus income from the levied charges. Therefore, it is important that Caerphilly Homes adopts a more robust and transparent charging policy in order to demonstrate fairness and value for money.
- 2.4 Officers recognise the financial impact the proposals contained within this report will have on leaseholders and have therefore included, for your information, the mechanisms in place to assist leaseholders in meeting the various costs incurred and proposals for introducing a leasehold property buy back policy.

3. RECOMMENDATIONS

- 3.1 That members consider the proposed increase in Leaseholder Management fees and the introduction of recharges for providing specific services, prior to submission to Cabinet.
- 3.2 That members consider a phased increase of the Leaseholder Management Fees as outlined in section 5.6, option 2., prior to submission to Cabinet.

- 3.3 That members consider the establishment and implementation of a Caerphilly Homes leasehold property 'buy back' policy prior to submission to Cabinet which would be implemented in consultation with the Cabinet Member for Housing and Property.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that Caerphilly Homes has a robust charging policy that reflects the actual costs incurred in providing the leaseholder service and has suitable mechanisms in place to assist leaseholders in meeting their associated costs.

5. THE REPORT

- 5.1 There are currently 408 flats within the council's housing stock owned by leaseholders following their sale under the Right to Buy (RTB) scheme. Many of these flats would have been sold onto others since the original purchase from the council. Due to local government reorganisations there are currently at least four different leases in use depending on when the RTB was exercised and who their landlord was at the time of sale. In addition, approximately 173 of these leasehold properties are sub-let bringing in rental income for the leaseholder who is thereby acting as the landlord.
- 5.2 Caerphilly Homes as lessor has the responsibility to maintain and repair the exterior and structure (including communal areas) of the block of flats in accordance with the terms set out in the lease. The legislation that covers leasehold matters including charging for services provided is the Landlord and Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002).
- 5.3 The following table shows the charges that leaseholders are currently required to pay in accordance with the terms set out in their property lease.

Type of Charge	Amount	Comments
Ground Rent	Varies either 10 pence or 10 pounds	Recharged annually
Buildings Insurance	Varies in accordance with sum insured	Recharged annually
Management & Administration Fee	£10.00	Recharged annually The Management Fee covers: Leaseholder Officers costs, maintenance of accounts/ records, producing annual service charges/quarterly reports, provision costs, issuing invoices, cost recovery, dealing with queries, general and support costs, management of the building and estate. Providing information for and attending Leaseholder

Response Repairs	Varies in accordance with day to day works undertaken on the structure and exterior of the property	Valuation Tribunals. Support services - customer support, Central repairs, Finance, Tenant involvement, Communication, Business improvement, IT and Corporate Recharged annually where relevant
Major Works which includes an administration charge of 10% on all works undertaken (which is currently capped at £300 on WHQS works)	Varies in accordance with works undertaken	Formal consultation undertaken with leaseholders in accordance with relevant legislation. Recharged on completion of contract

5.4 As the council's HRA is a ring-fenced revenue account it is required to contain only those charges directly related to the management of the council's housing stock. In order to comply with this, leaseholder charges need to reflect the true cost of maintaining the block of flats in which their property forms a part in accordance with the terms set out in their lease. This prevents the situation occurring where tenants are subsidising the cost of leaseholders who have purchased their properties.

5.5 The leasehold management charge has been reviewed over the past year to reflect the actual cost of providing the leasehold service (*see Appendix 1*). A desktop exercise has also been undertaken with 6 other social housing providers in the area to compare charges (*see Appendix 2*) and all charge significantly more than the current Caerphilly Homes £10 management fee. The actual cost of providing the service is calculated to be £199 per leasehold property, based on 2019/20 actual costs.

5.6 There are 2 options for consideration regarding the proposed increase of the management fee.

Option 1 - Increase the recharge for the management fee to £199 with effect from 1 April 2021 to reflect the full amount payable. Review of costs completed annually, and recharges amended accordingly.

Option 2 – Phased increase over two-year period – year 1 in the sum of £100 and Year 2 at £199 to provide a transition period for leaseholders. After the initial two-year fixed period costs would then be reviewed annually, and charges amended accordingly.

Officers preferred option would be option 2.

Although for both options the first increase date would be 1st April 2021, service charge bills are issued annually in September of each year, so the first increased payment would not be requested until September 2021.

- 5.7 In addition to the proposal to increase the management fee is the introduction of recharging for specific services provided as highlighted in table below.

Task	Charge	Comments
Pre-contract enquiries – Form LPE1	£150	Leasehold information pack – issued to solicitors when a flat is being sold.
Communal lighting		To be considered for charging in the future when actual costs incurred are available. Leaseholders would be fully informed prior to any changes being implemented.
Grounds maintenance		To be considered for charging in the future when actual costs incurred are available. Leaseholders would be fully informed prior to any changes being implemented.
Communal cleansing		To be considered for charging in the future when actual costs incurred are available. Leaseholders would be fully informed prior to any changes being implemented.

- 5.8 Again, this is to ensure that the HRA is not subsidising services provided to leaseholders. It is proposed that the pre-contract enquiries charge is implemented by the 1st January 2021.
- 5.9 The Tenant & Community Involvement Team propose to inform Leaseholders of the changes prior to implementation. This will take the form of a letter detailing why the charges are being increased or introduced, the actual costs involved and an opportunity for them to contact the team for further information. In addition, if any leaseholders have concerns about paying the additional costs then the Leaseholder Services officers will be available to carry out one to one meetings to discuss the options available to them if required.
- 5.10 There are already a variety of payment options available to leaseholders to assist them with repaying charges levied. These are a repayment plan, Private Sector Housing loan, Private Sector Life-time loan, Voluntary registered charge (in exceptional circumstances only and now largely superseded by the Life-time loan option).
- 5.11 In addition, consideration is being given to the option of Caerphilly Homes buying back the property in exceptional cases e.g. if the leaseholder is in severe financial difficulties. This would not be a blanket policy applicable to all, it would be subject to satisfying certain criteria and evidence of financial position. Such criteria for example would include vacant possession of the property, potential financial investment required to enable it to be let as social housing, including meeting WHQS, housing need and demand for the specific property, and value for money. Any decision on individual buy back properties would be made by the Chief Housing Officer or

Housing Services Manager in consultation with the Cabinet Member for Housing and Property.

6. ASSUMPTIONS

- 6.1 The information contained in this report has been based on data collected over the previous years and therefore it has not been necessary to make assumptions.

7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 Corporate Plan 2018-2023.

This report links to objective 3 and objective 6 of the Corporate Plan 2018-2023. By ensuring that the services received by leaseholders are recharged in accordance with the terms of their lease and not subsidised by the HRA. To address the availability, condition and sustainability of homes throughout the county borough and provide advice, assistance or support to help improve people's well-being. To support citizens to remain independent and improve their well-being

- 7.2 CCBC Strategic Equality Plan 2016-2020. The Consultation and Engagement Framework would support several key areas of the Strategic Equality Plan 2016-2020, not least the objective '*to ensure that the consequences of all new and updated policies and initiatives on specific groups are considered during the council's consultation and decision making processes*'.

- 7.3 Caerphilly Homes Service Plan 2018 – 2023.

- 7.4 Improving Lives and Communities: Homes in Wales (Welsh Government, 2010), which sets out the national context for improving homes and communities, including the energy efficiency of existing homes.

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 Effective financial planning contributes to the following well-being goals within the Well-being of Future Generations Act (Wales) 2015

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A globally responsible Wales

- 8.2 The report recommendations are consistent with the five ways of working of the sustainable development principle, listed in the Act as defined below:

- Long Term – The importance of balancing short-term needs with the need to safeguard the ability of future generations to meet their long-term needs
- Prevention - How acting to prevent problems occurring, or getting worse, may help public bodies meet their objectives
- Integration – Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives

of other public bodies

- Collaboration – Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives
- Involvement – The importance of involving people with an interest in achieving the well-being goals and ensuring that those people reflect the diversity of the area which the body serves.

9. EQUALITIES IMPLICATIONS

- 9.1 An EIA screening has been completed in accordance with the council's Strategic Equality Plan and supplementary guidance. No potential for unlawful discrimination and/or low level or minor negative impact has been identified; therefore, a full EIA has not been carried out.

10. FINANCIAL IMPLICATIONS

- 10.1 There would be financial implications for leaseholders by raising the management fee and by the introduction of new charges.
- 10.2 There are implications for the HRA by not recovering the actual costs of managing the leasehold service. Any non-recovery increases the amount that must be subsidised from tenant's rent payments.
- 10.3 There would be a financial impact on the HRA for the potential buy back of any leasehold property and therefore value for money will need to be demonstrated due to the impact this could have on the Housing business plan.

11. PERSONNEL IMPLICATIONS

- 11.1 There are no personnel implications associated with the report.

12. CONSULTATIONS

- 12.1 This report has been sent to the consultees listed below and all comments received are reflected in this report.

13. STATUTORY POWER

- 13.1 Commonhold and Leasehold Reform Act 2002 and the Council's Financial Regulations.

Author: Mandy Betts, Tenant & Community Involvement Manager,
Bettsm@caerphilly.gov.uk

Consultees:

Dave Street	- Director of Social Services and Housing
Cllr Lisa Phipps	- Cabinet Member for Housing and Property
Cllr Andrew Whitcombe	- Chair of Housing & Regeneration Scrutiny Committee
Cllr Christine Forehead	- Vice Chair of Housing & Regeneration Scrutiny Committee

Stephen Harris
Lesley Allen
Robert Tranter
Todd Rawson

- Interim Head of Business Improvement and S151 Officer
- Principal Group Accountant (Caerphilly Homes)
- Head of Legal Services & Monitoring Officer
- Solicitor

Background Papers:

Policy and Resources Scrutiny Committee – 17th January 2017. Leaseholder Charges, author Mandy Betts, Tenant and Community Involvement Manager.

Leaseholder Handbook

Leaseholder Payment Options Flyer

Appendices:

Appendix 1 - Information regarding actual costs 2019/20

Appendix 2 – Desk top exercise comparing costs 2017/18 and 2019/20

Appendix 1

Leaseholder Services Review of Management Fee - MAY 2020					
<i>Figures based on 2019-20 actuals</i>					
Description	%	Salary cost £	Total £	% Allocate d cost £	Notes
Leaseholder Officer	81%	28198	28198	28198	Full
Leaseholder Officer	100%	29786	29786	29786	Full
Tenant Participation Officer - Consultation	10%	41645	41645	4165	10%
Tenant & Community Involvement Manager	10%	47934	47934	4793	10%
Estate Management Officer	2%	39582	39582	792	2%
Chief Housing Officer					Included in 12% over heads
Clerical Officer	10%	13055	13055	1306	10%
IT support over and above Service Level Agreement (SLA)	5%	33845	33845	1692	5%
Overheads/Stationery/telephone calls/SLA's/mileage	12%	86320	86320	10358	12%
Sundry Debtors					Included in 12% over heads
Insurance					Included in 12% over heads
Legal					Included in 12% over heads
IT Services					Included in 12% over heads
				81090	
Number of Leaseholders				408	
Annual Cost to each Leaseholder				199	

Comparison of Leasehold Management Fees

Organisation	2017/18	2019/20
Bron Afon	£170.00	£191.31
Cardiff Council	£163.00	No response
Monmouthshire Homes	£90.00	£92.13
Newport City Homes	£58.00	£180.00 (approximate)
Merthyr Valley Homes	No response	£70.00
V2C	No response	£200 - £300

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